



Jacob K. Javits and Latin American Economic Integration

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As iron sharpens iron, so one man sharpens another.

Proverbs 27: 17

Introduction

Since the end of the Second World War the United States has zealously pursued internationalism, the policy of establishing a new economic and political order based on free trade. Internationalism views the world as one community. It seeks to create a common body of political, economic and social values with an emphasis on human rights, environmentalism and the expansion of democracy.

Under the rubric of internationalism Washington has supported regionalism as a means to achieve the new global order. Support for regionalism is not, nor ever has been based on idealism, but rather on hard-nosed pragmatic self-interest. This policy has recognized that American economic interests prevail throughout the world, and that it will help to rationalize markets for U.S. and international capital. Likewise, it argues that the mass of citizens around the world will benefit by this new economic reorganization.

No figure in U.S. Congressional history exemplifies the passion and support for internationalism and regionalism as Senator Jacob K. Javits (Rep-NY). During his political career he became the most prominent legislative advocate of regionalism and became intimately involved with U.S. efforts to promote the economic integration of Latin America in the 1960s. His ardent support in favor of the cause of regionalism went far beyond any effort by his fellow senators. During his tenure in the U.S. Senate, Javits actively supported NATO, the European Common Market and Latin American economic integration.

For Javits there was no political or economic contradiction for an American to support economic regionalism in the era of the idealized state system. The foundation of his global perspective arose from his idealism and was predicated on realism. Regionalism would encourage the accumulation of wealth overseas, enabling foreign states to purchase more American products. It would also assist U.S. corporations abroad to expand and rationalize their operations. Javits believed that private enterprise should be the primary mechanism for securing Latin American integration. The promotion of market forces would amplify economic dependency, via regional trade blocs, hence creating the conditions for free trade on a global level.

Javits' interest in Latin American economic integration (unionism) coincided with the massive onslaught of communist insurgencies that appeared during the 1950s

and 1960s in Latin America. Many American leaders at that time sought innovative ways to stave off communist victories in Latin America. Javits believed that the key to defeating the extreme left was economic development, and that the only effective method to achieve that goal was economic integration.¹

Javits and many other insightful observers recognized that unless the United States actively promoted economic development in the Latin America communism would prevail there. The specter of Fidel Castro triumphing only ninety miles from the United States under the prying eyes of the great superpower rattled the complacency of the entire Washington establishment.

U.S. businessmen, who were the largest investors in Latin America, became alarmed at the situation in Cuba. Consequently they became eager to assist Javits in promoting economic development as a means of stifling potential Marxist revolts. They believed that the primary foreign policy objective of the United States should be to forever “rout the invasion of the hemisphere by an alien godless ideology and political apparatus.” This could only be accomplished through the direct “stimulation of the free enterprise system” and the construction of effective and “increasingly stable” democratic states. Both political and economic objectives were to be mutually supportive. According to Javits, the complex and volatile international situation required it to be viewed as no less dangerous than any prior wartime condition.²

It was recognized by American policy-makers that many of the Latin American governments and their economies were weak. Many of these states were so fragile that they could not effectively collect their taxes. Business leaders who supported Javits understood the need for protecting the frail economies of Latin America. One businessman argued that a positive economic outcome required the “evolution of basic commodity prices to assist in the normalization of trade balances” a clear reference to the problem of monocultural dependency that plagued many Latin American states in their quest for economic survival.³

Javits sounded an urgent clarion call for a vigorous program of assistance that would approximate the aid given to Europe. He argued that “just as we cannot be satisfied with the status quo in Berlin, so we cannot be satisfied with the status quo in Latin America.”⁴ Economic assistance and regional integration were necessary in order to defeat the “coercions and parochialism” of communism. The free west needed “to deny aggressive world communism the soil of despair in which to take root.”⁵ If the United States pursued these policies, the downfall of Marxism would eventually be

¹ Jacob K. Javits, *Order of Battle: A Republican's Call To Reason*, (New York: Atheneum Publishers, 1964), 261.

² Norbert A. McKenna, Program for Latin America Economic Development in Implementation of Administration for International Development. July, 28, 1961. Jacob K. Javits Collection, S1, SS1, Box 34. 3. Hereafter referred to as JJC

³ *Ibid.*, 3.

⁴ Jacob K. Javits, *Order of Battle: A Republican's Call to Reason*, 258.

⁵ *Ibid.*, 240.

portrayed by historians as “a throwback to the primitive and anachronistic.”⁶ The struggle between the superpowers and competing ideologies, argued Javits, would “occur on the soil of the poorer nations.”⁷

Although efforts to dislodge Castro had failed, emphasis had to be placed on preventing another communist victory. The Cuban revolutionary was in fact only a minor problem, argued Javits, who believed the U.S. government was wasting its resources trying to remove Castro “as though our success or failure there is all that matters in Latin America.”⁸

The tense political and economic situation in Latin America was linked not only to the cold war, which was a continuation of the eternal war of ideas and “applied ethics,” but also related to the economic and political limitations imposed by the state system. By the 1950s it had become obvious to many economists and politicians that the nation-state model had become exhausted. The individual state could provide and consume only a limited amount of goods. Historically, trade barriers had been erected to keep foreign products out of each state. This policy had led to intense trade rivalries and catastrophic wars. Europeans recognized the gravity of the problem, thus in order to minimize any potential for future military conflicts on their continent, the European Common Market was formed in 1957 by the Treaty of Rome. Many Europeans hoped this organization would eventually lead to a United States of Europe. It became obvious to all observers that by the 1960s, economic integration in Europe had proven tremendously successful as evinced by Britain’s desperate effort to join the other six states.

Javits and others in Washington and Latin America recognized the success of the European experiment and eagerly sought to apply its method of organization to Latin America. In the 1950s the Economic Commission for Latin America proposed that the Latin Americans create a common market. The region responded by forming the Latin American Free Trade Association (LAFTA) which was created in order to liberate trade between member countries and for the purpose of transitioning the region to a full-fledged common market within twelve years.⁹

Early Interest by Javits, International Organizations and the U.S. Government.

Javits’ commitment to promoting Latin American economic integration was based on an earlier interest expressed by the United States government and international organizations in utilizing regionalism to promote internationalism. During the 1930s, Secretary of State, Cordell Hull began to promote free trade as the one consistent foreign policy of the United States. By 1943 the U.S. State Department had examined the possibility of implementing a regionalist policy for Europe which envisioned the

⁶ Ibid., 272.

⁷ Jacob K. Javits and Rafael Steinberg, *Javits: The Autobiography of a Public Man* (Boston: Houghton Mifflin Company, 1981), 456.

⁸ Javits, *Order of Battle*, 259.

⁹ Economic Commission for Latin America, [Economic Integration in Latin America](#) (New York: United Nations), and, [Tratado de Montevideo Que Crea la Asociacion Latinoamericana de Libre Comercio](#), (Bogota: Banco de La Republica, 1961), 3.

economic and political unification of Europe for the purpose of promoting free trade. The ensuing report stated that as long as a country or trading bloc did not seek autarky it should be supported by the United States.¹⁰ In the new global capitalist economy U.S. corporations had invested capital and facilities over most of the globe. American economic interests could not withstand a disruption of trade patterns it suffered during World War Two. The next war might be even more catastrophic. The post-war world needed to be restructured so as to promote a perpetual peace. According to liberal economic tenets, this could only be achieved via free trade which would create an interdependency between nations, thereby making war impossible. The reorientation in foreign policy goals and strategy, made it logical for Washington to advocate the same policy for Latin America in order to advance free trade.

The promotion of internationalism and regionalism was given further support in 1947 with the establishment of the General Agreement on Trade and Tariffs (GATT). The agreement provided rules for creating free trade zones; a clear indication that the organizers of the future accepted and were willing to promote regional forms of economic organizations in order to create the new internationalist agenda. The GATT provisions also demonstrated the support of the U.S for this new economic schema, as Washington was the author and unofficial executive of the new organization.¹¹

As early as 1953 President Dwight D. Eisenhower declared that the U.S government should develop a program in support of the economic integration of Latin America, although he did not pursue the goal for many years.¹² By July of 1959 the Eisenhower administration issued a statement through the State Department articulating its plans for Latin America as a whole. The primary objectives of U.S. policy would be to “encourage and endorse the establishment of customs unions or free trade areas in Latin America which conform to...the General Agreement on Tariffs and Trade (GATT).” In order to conform to GATT standards the United States would insist on the promotion of free enterprise and seek to “curtail diversion of public funds to uneconomic state-owned industries” which had proliferated during the 1950s.¹³

In 1960 President Eisenhower personally addressed the Chilean Congress seeking to impress upon the Latin Americans the great potential for success that awaited them through economic integration. He referred to the United States as the premier example of a common market, (a phrase later repeated by Javits).¹⁴ In a dinner toast to President

¹⁰ Author unknown, How would political unification of Europe affect the interests of the United States, December 10, 1943, National Archives, Records of Harley A. Notter, Advisory Committee on Post War Foreign Policy, 1942-45, (E-498) Box 84. It is unclear if Notter is the author, or if the study was conducted for him, or was simply assigned to his files.

¹¹ Statement of Dr. Isaiah Frank, in , U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty –Ninth Congress, First Session, September 8,9, and 10, 1965, 14.

¹² J. Warren Nystrom and Nathan A. Haverstock, *The Alliance for Progress* (Princeton: 1966), 27 and in Emmet Hughes, *The Ordeal of Power: A Political Memoir of the Eisenhower Years* (New York, 1963), 37.

¹³ Foreign Relations of the United States, 1958-1960, vol.V, American Republics, (Washington, D.C.: Government Printing Office), 127.

¹⁴ Douglas MacArthur II, Assistant Secretary of State for Congressional Relations to Senator John Sparkman, October 12, 1965, in, U.S. Congress, Hearings before the Subcommittee on Inter-American

Alessandri of Chile, Eisenhower proclaimed that “your cooperation in promoting a common regional market is highly encouraging, for it promises greater intraregional trade and, once realized, will create conditions attractive to foreign development capital.”¹⁵ President Eisenhower was anxious to provide as much information to the American people as possible about the new Latin American policy and announced his support for economic integration in a joint radio and television address to millions of prime-time evening listeners on the night of March 8, 1960. The president reiterated his earlier comments of support for integration, declaring that “we are encouraged by the progress being made toward the creation of common markets.” He emphasized that many positive outcomes that would arise from the increased rationalization of economic assets.¹⁶ These public pronouncements were important because the executive arm was responsible for formulating foreign policy. Javits could now be assured that this view was an established foreign policy, and that he could expect a measure of political consistency. Javits could now unleash his idealism and adroit political skills in pursuit of his objective.

Javits began his crusade to advance economic integration as early as October of 1959, before the Eisenhower administration had declared its public support for the objective. At a gathering in Atlantic City, New Jersey, Javits declared that “economic integration of the free world is today’s number one challenge for the United States.” It is possible that Javits’ speech was coordinated with the Eisenhower administration in order to determine the support that a pro-active policy would generate. In his address, Javits asserted that unless the United States actively supported such a policy, Nikita Khrushchev would seize the initiative and succeed. American action or inaction would “determine whether freedom or communism” would triumph. Javits emphasized the economic dimensions of the problem, noting that it resulted from the type of political and economic organizations that had been established in the world. “It is in the free world’s lack of adequate economic integration of the free world that our foreign policy is the most vulnerable.” Likewise, he noted that securing additional private investment was necessary in order to prevent serious political problems. “The immediate issue facing the United States is to get enough public and private investment to provide an acceptable rate of development for the less developed areas of the free world.” In order to remedy this problem, Javits brought the matter to the attention of the North Atlantic Treaty Organization (NATO) for consideration. He was able to utilize this approach because the issue of global poverty had become a national security concern for both the United States and its European allies.¹⁷

Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8, 9, and 10, 1965, 173.

(Washington, D.C., 1965). See also “Address before a Joint Session of the National Congress of Chile, March 1, 1960,” Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1961, (Washington: Government Printing Office, 1961) no. 73., 260.

¹⁵ “Toast to President Alessandri at a Dinner Given in His Honor by the President, March 1, 1960,” Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1961, (Washington: Government Printing Office, 1961) no. 75., 262.

¹⁶ “Radio and Television Report to the American People on the South American Trip,” Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1961, (Washington: Government Printing Office, 1961) no. 87., 282

¹⁷ Press Release from Senate Office of Jacob K. Javits: “Remarks of Senator Javits prepared for delivery before the 72nd Annual Meeting of the National Paint, Varnish and Lacquer Association on Monday

For Javits the economic development of the region was inextricably linked with the advance of economic integration. “The need for a satisfactory rate of Latin American development requires the acceleration of regional economic integration, which has an outlet in regional markets.” He argued that this objective coincided with the goal of promoting private initiative and political freedom. He believed that both the Latin American Free Trade Association (LAFTA) and the Central American Common Market (CACM) should eventually merge into the formation of one Latin American Common Market. Eventually this entity would merge into a free trade zone with the rest of the western hemisphere.¹⁸

Many Americans however, opposed the new internationalist politics of the United States. This was an especially touchy problem for Javits. As a member of the Republican Party he had to deal with a militant right wing which often sought to extract the United States from world affairs. In spite of such opposition, Javits was able to proceed with his internationalist/regionalist agenda because the vast majority of the educated American public had progressed to a point where they were no longer looking inward nor viewed other states as objects to be coveted or conquered. Javits could thus pursue his regionalism without the hindrance of a large portion of the population or the news media questioning his faithfulness to American industries. His proposals found widespread acceptance from the general public because it believed that the U.S. could not rest secure in what he referred to as a “Pax Atomica.”¹⁹ The world would remain free, argued Javits, by promoting a worldwide political culture that emphasized “a dogma of no dogma.”²⁰ In order to resist the bureaucratic totalitarianism of the Soviets, an energetic pro-active policy by the United States would be required. A major component of any resistance to Soviet ideology and power necessitated an energetic program by the United States to promote economic development. This goal could be attained in Latin America through the pursuit of economic integration.

Ironically, though Javits energetically employed and courted various political and business leaders in both the United States and Latin America to achieve his objective of Latin American economic integration, he never employed the talents of Hispanic-Americans residing within the United States to generate support for the policy. He did, however inform his Hispanic-American constituency about his efforts to promote the “economic integration of the free world” in a Spanish-language campaign brochure during the 1962 New York Senate race.²¹ With this rare exception Javits never emphasized his efforts to promote Latin American economic integration to the Hispanic-American population of New York State, which was mainly Puerto Rican. Nor did he publicize the cause of economic integration to other Hispanic groups residing in the U.S.

afternoon, October 19, 1959, at the Haddon Hall, Atlantic City, New Jersey.” This address is also entitled Economic Integration of the Free World Essential to Peace. October 20, 1959. JJC , S1, SS1, Box 34.

¹⁸ Javits, *Order of Battle*, 260.

¹⁹ Javits, *Order of Battle*, 263.

²⁰ Javits, *Order of Battle*, 263.

²¹ Citizens for Rockefeller-Javits, *Usted Necesita Rockefeller y Javits*, (Poughkeepsie, NY: Western Publishing Co., 1962), 17. JJC, S1, SS1, Box 34..

This is peculiar because Javits was viewed as a rising star in the Republican Party with higher aspirations. The inclusion of this group in the integration process could have earned him an even larger following. The reasons for his failure to advance these efforts to an increasingly important ethnic constituency are unclear. Perhaps it was because the issue was not receiving massive publicity in the general press or, possibly, because he feared that Hispanic-Americans might not support the policy. More likely than not, Javits probably did not want to be associated with the concept if it should fail.²²

Indeed, there was ample reason to fear failure. Every generation of Latin Americans had seen an effort to create a politically or economically unified Latin American state. Every one of these attempts had failed.²³ Javits was aware of these many futile efforts. Indeed, Javits often commented on the difficulty of achieving such a goal. In the 1960s it was especially important that these efforts bear fruit. With the growing influence of Marxism, the fate of the entire free world depended on the success of Latin American economic integration. If Latin America were to fall to the communists, would not Africa and Asia fall next?

To be sure, the supporters of integration (unionists) had to deal with numerous problems. These difficulties were very real. The Latin American proponents of economic integration had many enemies, especially in their own countries where politicians, ideologues, foreign and domestic businessmen, state enterprises and labor unions all sought to protect their own special interests. There was a general sentiment in Latin America that the United States was seeking to create its own official sphere of influence through the creation of an economically integrated bloc that would serve as a U.S.-Latin American counter-weight to Europe. Many Latin Americans resented being part of this sphere of influence. This argument, however, was fatuous because the region was already an economic-political-military sphere of influence under the United States. The United States was the dominant investor in Latin America and its largest customer for several decades. On a political plane, none of the Latin American states could ever hope to successfully challenge Washington. Many of the Latin American states were nothing more than city-states, and some did not differ from being merely appanages. Also, on a military level the United States would continue to intervene in the region whenever it saw fit do so. Nevertheless, these bogus counter-arguments fell on deaf ears as leftists continued to hammer them into an uninformed audience. The possibility that Latin Americans would receive better trading terms with the U.S. and Europe could not possibly appeal to those, who were unfamiliar with trade issues or who had selected ideology as their golden calf.

²² To this day, the Hispanic population of the United States has not been consulted or courted for advice on Latin American economic or political integration. Nevertheless, the Hispanic community residing in the United States has played a role in formulating foreign policies towards Latin America. The scope and importance of Hispanic-Americans in forming foreign policy towards Latin America varies with time and circumstance.

²³ For a history of efforts to promote the political and economic integration of Latin America, see, Salvador Rivera, "Diplomats, Idealists and Technocrats: The Long Quest for Latin American Integration" (Ph.D. diss., State University of New York at Albany, 2003.) The dissertation documents other U.S. efforts to support economic integration as part of its internationalist agenda.

Another problem facing unionists was that for many Latin Americans, the fear of the unknown was too great. It would be difficult to adjust to a new and unfamiliar system. The creation of a new economic entity with political ramifications would involve absorbing the problems of other countries. Hostility against economic integration always took an overt or cunning approach. The former method was rare. Few politicians were willing to publicly oppose integration. The latter manner proved more efficient. It took the form of foot-dragging or simple assertions that it would be difficult. How could anyone openly oppose the policy, asked Senator Elbio Pezzati of Uruguay, without appearing to be “an enemy of progress and the human race?” Indeed, how could anyone oppose fraternity, cooperation and development since it was not intellectually and politically acceptable?²⁴ Henceforth, subterfuge would have to be employed by the opponents of integration. One Brazilian leader had claimed his government would kill LAFTA “with kindness.” Brazil, he stated, was not interested in the organization because it did not have to worry about surplus production.²⁵ This prediction came to pass as the LAFTA states began to negotiate on the elimination of tariff duties. Despite these obstreperous dilemmas, Javits was undeterred.

Javits and ADELA

Javits viewed Latin America as an integral component of the Atlantic Community. He recognized that although American capital was extensive throughout the region, there was not enough of it to finance the economic development of the entire area. Despite the fact that many people in Latin America protested U.S. economic hegemony, many Latin American governments and businessmen eagerly sought foreign investment in order to strengthen their economies. However, there was never enough outside capital to meet the needs of the growing middle and working classes. Javits recognized that additional funding would have to be culled from Europe and Japan. The time had arrived for Europe to be brought into the arena of international economic development. The senator recognized Europe was a relatively wealthy region that had “hardly been tapped” as a development source for Latin America. Europe was wealthy in both capital and human resources. Over many decades, it had developed a substantial cadre of experts in science, engineering, medicine, business, philosophy and the arts. Javits felt that these talents needed to be put to use in the third world by involving European business with development programs. It was necessary to create opportunities for European businessmen to gain the same concessions that American businessmen had earned. Javits observed that Latin American governments leased land, facilities, or provided exemption from standard taxation for periods ranging from five to twenty years. He noted that Americans often received twenty year guaranties as opposed to five years for most European corporations.²⁶ Javits believed that Europeans could be enticed to support the creation of a new investment agency by being offered twenty-year guarantees for their

²⁴ Interview with Senator Elbio C. Pezzati, December, 2001.

²⁵ Testimony of Gilbert J. Huber, Jr., to Council on Foreign Relations, “Economic Integration in Latin America,” Study Group Reports. 1-2. (New York: Council on Foreign Relations, January 16, 1961), 1-3.

²⁶ Jacob Javits, “The Role of the O.E.C.D. In the Economic Development of Latin America” Economic Committee of the NATO Parliamentarians’ Conference, November 1962. JJC, Series 4, SS1, Box 1

investments. Extensive cooperation between Latin America and Europe would help achieve this goal.²⁷

After discussing these ideas with President Kennedy and Secretary of State Dean Rusk, Javits undertook his first significant effort to promote the economic integration of Latin America at a meeting in November, 1962 of the NATO Parliamentarians Conference Economic Committee.²⁸ The presentation to NATO was viewed as appropriate because the issue of economic development in Latin America was seen as a security problem. Although the meeting had been planned months in advance, it took place in the immediate aftermath of the Cuban missile crisis, which almost brought the world to the brink of thermonuclear confrontation. The confrontation was all the more serious because Cuba and its Soviet ally posed as alternatives to the capitalist system with its millions of poverty-stricken people in Latin America. Javits warned his colleagues that "Latin America today is polarized between Cuba and the rest of Latin America." It was vitally important for the United States to form a "counter-force to Cuba." The United States could not serve as that force for cultural-historical reasons, hence only "all of Latin America" could serve as a counter-balance. This was to be achieved via economic integration of the region.²⁹

Javits and Senator Hubert H. Humphrey (Dem-Minnesota) initiated a bipartisan effort to promote and secure the investment of European capital in Latin America by creating a private non-profit organization known as the Atlantic Community Development Group for Latin America (ADELA).³⁰ In order to maximize the amount of European capital, the organization also sought capital from the United States and Japan to augment investment.³¹ ADELA was intended to perform dual functions that were viewed as mutually necessary--the promotion of economic integration in Latin America and encouraging private capital investment.

Javits informed the NATO group that the Organization for Economic Cooperation and Development (O.E.C.D.) needed to be enlisted in ADELA and the Latin American economic integration effort because NATO was not designed as a development agency. He warned that unless Latin America was given the necessary economic assistance, its commodity-based economy might crumble under the weight of competition resulting from the new trade agreements made between the European Economic Community (EEC) and its former colonies. These agreements provided the ex-colonies with preferential treatment within the EEC organization by giving preference to their commodities over those of the Latin Americans.³²

²⁷ Lewis M. White, "Memorandum of Conversation," February 27, 1963. JJC, Series 4, SS1, Box 1.

²⁸ Lewis M. White, "Memorandum of Conversation," February 27, 1963. JJC, Series 4, SS1, Box 1.

²⁹ Javits to various participants, "Minutes of Meeting: Hotel Ritz, April 5, 1963, JJC Series 4, SS1, Box 1.

³⁰ Lewis M. White, "Memorandum of Conversation," February 27, 1963. JJC, Series 4, SS1, Box 1.

³¹ Lewis M. White, "Memorandum of Conversation," February 27, 1963. JJC, Series 4, SS1, Box 1. See also, Javits, *Autobiography*, 457.

³² Jacob Javits, "The Role of the O.E.C.D. in the Economic Development of Latin America," Economic Committee of the NATO Parliamentarians' Conference, November 1962. JJC, Series 4, SS1, Box 1

The recruitment and assistance of the idealistic Humphrey insured bi-partisan support and was intended to safeguard ADELA from becoming the plaything of politicians. Javits worked well with members of the opposition party. He and Humphrey both campaigned to bring supporters to ADELA. Javits referred to his enthusiastic supporters as “apostles.” He recruited such American business leaders as George Moore of the First National City Bank of New York, Emilio Collado of Standard Oil of New Jersey as well as Warren Wilhelm from the Texaco Oil Corporation. Javits was especially adept at gaining support from foreign business magnates such as Giovanni Agnelli and Aurelio Peccei, who served as executive officers of Fiat. Likewise, he secured support from L.B. Wolters of the Belgian firm Petrofina, Kunio Miki from the Bank of Tokyo and Marcus Wallenberg from Sweden.³³

Javits also recruited Latin Americans for the organization such as the respected economists Raul Prebisch and Jose Mayobre. Eventually, Julio Gonzalez de Solar was selected as the representative for the Inter-American Development Bank (IDB) and became a key figure in ADELA, acting as the liaison between the IDB, ADELA and businessmen from both Latin America and the rest of the world. Javits received support in Latin America for his ADELA initiative from ex-presidents Alberto Lleras Camargo of Colombia and Juscelino Kubitschek of Brazil.³⁴

Although, Latin Americans eagerly applauded ADELA, and enthusiastically sought more foreign capital investment, concerns were echoed by Latin Americans about whether or not the ADELA plan might succeed. Javits and Latin American leaders who favored foreign investment knew that not all Latin Americans felt the same way. President Romulo Betancourt of Venezuela, who was viewed as a reformer, informed Javits that the arrival of Castro in Cuba had frightened capital away from the region because the United States had lost \$1.5 billion dollars in assets which had been nationalized by the Castro regime. Javits expressed concern about a new law in Mexico that required foreign enterprises to maintain 51 % Mexican ownership. He felt that this provision did not coincide with the primacy of private property. Javits feared this would be a hindrance to encouraging foreign investment because it struck at the traditional independence sought by business. The new law was also a potential legal problem that could become very complicated for a foreign corporation. Concern was particularly keen because it was the work of the center-left. Javits feared that the anti-communist, left-of-center liberal governments might actually stimulate a further move to the left, leading to another Castro. Consequently, the senator recommended extensive discussion with Europeans regarding how they defined “the role of private enterprise” because the liberal left governments in Europe had acquired more experience in dealing with the legal and political implications of markets operating under leftist administrations.³⁵

In his quest to advance ADELA, Javits inquired if he had the support of President Betancourt. The Venezuelan urged Javits to proceed with his plans of recruiting support from NATO and other Latin American leaders. Betancourt noted that foreign business in

³³ Javits, *Autobiography*, 457.

³⁴ Lewis M. White, “Memorandum of Conversation,” February 27, 1963. JJC, Series 4, SS1, Box 1.

³⁵ Lewis M. White, “Memorandum of Conversation,” February 27, 1963. JJC, Series 4, SS1, Box 1.

his country supported his administration because he had raised the import tariffs on manufactured goods. Those corporations that supported the Venezuelan government were American companies that had “established assembly plants” in that country, in order to profit from the new tariffs.³⁶ Aware of this economic policy, Javits recognized that the real obstacle to his work would not be any government per se, but rather a much more elusive and dangerous phantom—the desire for special privilege sought by monopoly capitalism which is devoid of any national sentiment or ideological/political affinity. Eventually domestic and foreign business interests would take the integration agenda away from the national legislatures by forming sectoral commissions within LAFTA to determine what commercial concessions would be made.

In the meantime, Javits continued to press the NATO Parliamentarians for advice and collaboration. He recruited Dr. Aurelio Peccei, who was also associated with the Italian consulting firm Italconsult, to assist with securing European investors.³⁷ Some of the most distinguished political and economic leaders of the United States, Europe and Latin America were invited to attend meetings that would establish ADELA. Attendance included such personalities as Nicholas Biddle, John Diebold, Maurice Couve de Murville, Valery Giscard d’Estaing, officials of the OECD and Julio Gonzalez de Solar.³⁸

Javits sought to recruit further support for ADELA, at a meeting of the prestigious American Club of Paris. He forcefully insisted that there could “be no neutrals in the conflict against poverty and human disillusionment; there can be no neutrality when men and nations unite in a fight for individual dignity and freedom.” He called on the OECD to partner with the rest of the Atlantic community in fighting the social and economic ills facing Latin America. Anticipating criticism from opponents for seeking support from the two different organizations, Javits argued that since the interests of both organizations were congruent, it was logical to enlist the support of both whenever necessary. Both NATO and OECD were “free to undertake together those initiatives vital to the success of...the free world” wherever it was threatened.³⁹ The OECD pleaded Javits, could “not be neutral economically” anymore than NATO was neutral in military affairs. Neutrality was akin to moral duplicity. He made it clear to his global opponents and observers at the meeting that the OECD should “not be held back by a policy of neutralism in the struggle for economic and social progress among the less developed nations.” It was the obligation of NATO and OECD members, argued Javits to work together, albeit they had different missions, in order to keep the world free for liberal capitalism and democracy.

Javits stressed that the problems facing the free world in Latin America were much more complex than those facing Europe in 1947. It would be a serious mistake, he argued, to assume the United States would always have the support of the Latin Americans in the cold war struggle, as it did during the Cuban missile crisis. Political

³⁶ Lewis M. White, “Memorandum of Conversation,” February 27, 1963. JJC, Series 4, SS1, Box 1.

³⁷ Jacob Javits to Harold F. Linder, March 26, 1963. JJC, S4, SS1, Box 1

³⁸ Jacob Javits to Dr. Aurelio Peccei. March 26, 1963. JJC, S4, SS1, Box 1

³⁹ “The Atlantic Community’s Opportunity in Latin America.” Remarks prepared for the American Club of Paris, December 13, 1962, JJC, Series 4, SS1, Box 1, p.1.

fortunes could be quickly reversed, warned the senator.⁴⁰ The egregious problems of the region posed a threat to the United States and the free world. These dilemmas needed to be ameliorated as quickly as possible. "This crisis is not less immediate than was the crisis in Western Europe." He implored Europeans to come to the aid of Latin America, reminding them that just as the United States had assisted Europe, it was the obligation of Europe to assist Latin America.⁴¹

Javits recognized that although Europeans maintained foreign economic development programs, many of them were designed to operate in Africa or Asia. These programs were intended to ameliorate the problems caused by the old colonial centers. It had been an unwritten rule during the 1950s and 1960s that economic aid would be parceled out among the most industrialized countries, all of whom had a colonial past. The old imperial powers usually directed their economic assistance to their former colonial subjects which provided an area of expertise for those engaged in economic development. Javits insisted that these old territorial assignments needed to be realigned and that the "interests and responsibilities cannot be divided along regional lines nor confined to traditional areas of interest."⁴² It was important for those countries with a colonial heritage to understand the need for new policies and attitudes in order to eliminate "the labels of imperialism or colonialism." A restructuring of relations between first and third world states, claimed Javits, would accomplish this through "new multilateral contacts" that transformed dependent states into partners, thereby eliminating "fear and suspicion" which only diluted the effectiveness of aid programs.⁴³

As Javits' promotion of Latin American economic integration began to take shape, Warren Wilhelm, a staunch supporter of economic integration suggested that political and psychological measures be utilized in order to expedite the integration process. Wilhelm suggested that it was necessary to "encourage Latin American leaders to think their way toward a plan...so that it is their own." It was important to work with the Inter-American Development Bank (IDB) and host countries in order to determine their needs, thus gaining the "broadest possible" support for the proposed ADELA.⁴⁴ Wilhelm expressed concern about the planning process for ADELA which he viewed as very ambitious. Such programs, he stressed were fraught with problems if an inadequate evaluation of specific projects were undertaken.⁴⁵ Consequently, it was important to secure capital from American and European sources that were willing to "take a long-term view." Nevertheless, Wilhelm asserted that technical evaluations, per se, were not

⁴⁰ "The Atlantic Community's Opportunity in Latin America." Remarks prepared for the American Club of Paris, December 13, 1962, JJC, Series 4, SS1, Box 1, p. 1-2.

⁴¹ "The Atlantic Community's Opportunity in Latin America." Remarks prepared for the American Club of Paris, December 13, 1962. JJC, Series 4, SS1, Box 1, p. 4.

⁴² "The Atlantic Community's Opportunity in Latin America." Remarks prepared for the American Club of Paris, December 13, 1962. JJC, Series 4, SS1, , Box 1, p. 3.

⁴³ "The Atlantic Community's Opportunity in Latin America." Remarks prepared for the American Club of Paris, December 13, 1962 . JJC, Series 4, SS1, , Box 1, p. 3.

⁴⁴ Warren Wilhelm to Aurelio Peccei, Julio Gonzales de Solar and Herbert J. Blitz. "Atlantic Community Development Group for Latin America." May 9, 1963. JJC, Series 4, SS1, , Box 1, p. 3.

⁴⁵ Warren Wilhelm to Aurelio Peccei, Julio Gonzales de Solar and Herbert J. Blitz. "Atlantic Community Development Group for Latin America." May 9, 1963. JJC, Series 4, SS1, Box 1, p. 1.

so much of a problem because many companies investing in ADELA were in fact industrial enterprises.⁴⁶

The work of Javits and his idealistic associates bore fruit. He was able to convince Emilio G. Collado, who was the Vice President of Standard Oil, to serve as Vice Chairman of the ADELA Executive Committee. The influential businessman was referred to by Javits as “the spiritual father of this investment company” because of his extensive and irreplaceable expertise.⁴⁷ Collado’s expectations for ADELA were high. The organization he insisted, was growing at a faster rate than anyone had anticipated. Collado believed that the organization would serve as an impetus for further Latin American integration which would thereby stimulate further industrialization. He claimed that industrialists were waiting “for a certain degree of synthesis before undertaking any joint industrial projects.”⁴⁸

Dr. Marcus Wallenberg, a wealthy Scandinavian financier, described by Javits as “imperious,” was appointed the chairman of the ADELA corporation.⁴⁹ Wallenberg was proud of the organization’s achievements, insisting that it had received a “vote of confidence” from foreign investors interested in Latin America, thus serving as a beacon for additional capital investment from Europe.⁵⁰ For all the energetic work and initiative of Collado and Wallenberg, Javits was still identified as the “godfather” of ADELA, several months later by his close confidant, George Moore, President of the First National City Bank of New York. Moore observed that ADELA’s success was owed to European businessmen who had proven bold enough to invest in the development corporation, rather than Europe’s political figures-- a uniquely neo-liberal and accurate view of the organization’s origins.

For his part, Javits was satisfied. He had accomplished his mission. The establishment and success of ADELA vindicated his belief that “by offering the carrot of private investment,” free-market policies would succeed wherever they were implemented.⁵¹ Under Javits, ADELA had become an instrument to promote

⁴⁶ Warren Wilhelm to Aurelio Peccei, Julio Gonzales de Solar and Herbert J. Blitz. “Atlantic Community Development Group for Latin America.” May 9, 1963. JJC, , Series 4, SS1, , Box 1, , p. 3

⁴⁷ “Preliminary Remarks of Senator Jacob K Javits, a member of the sub-committee,” September 8, 1965, in, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty –Ninth Congress, First Session, September 8, 9, and 10, 1965, 6-7.

⁴⁸ “Statement of Emilio G. Collado, Vice President and Director, Standard Oil Co. (New Jersey)” September 8, 1965, in, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty –Ninth Congress, First Session, September 8, 9, and 10, 1965, 40.

⁴⁹ Javits, *Autobiography*, 457-459.

⁵⁰ “Statement of Emilio G. Collado, Vice President and Director, Standard Oil Co. (New Jersey)” September 8, 1965, in, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty –Ninth Congress, First Session, September 8, 9, and 10, 1965, 38.

⁵¹ Jacob K. Javits in, George S. Moore, “Economic Integration in Latin America: A Progress Report” September 9, 1965, in, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty –Ninth Congress, First Session, , p. 77.

regionalism, and economic development. In an address to Latin American businessmen sponsored by the Inter-American Council of Commerce and Production held in Santiago, Chile, in March, 1964, Javits applauded Latin Americans for “seeking to achieve in one decade what has taken a century in the United States” with regards to economic development and social justice. Javits argued these objectives needed to be endorsed by the “democratic, progressive, and non-Communist parties” of Latin America, in order to promote “an evangelism which can be communicated directly to the people in meaningful terms.” The inauguration of ADELA, he argued, was a defeat for the communist “system which cannot abide individual initiative, which cannot tolerate private ownership of anything and which affords no person credit.” The establishment of ADELA was a victory, claimed Javits, for the promotion of “our common Judeo-Christian ethic and progressive economic principles” that would eventually propel Latin America towards its ultimate destiny of forming a single nation.⁵²

After many discussions, ADELA was formally established in 1964. Its initiation was completely anticlimactic. The organization began a quiet routine out of the public eye. For his part, Javits was too restless to be interested in paltry administrative matters, and therefore turned the organization over to professional managers. His work with ADELA had been limited to its formation, recruitment of directors and the selection of a law firm to represent the institution, after which he officially left the organization.⁵³ Its original membership subscription consisted of 54 multinational corporations engaged in finance and manufacturing with an initial \$17 million of capital investment. By 1970, \$217 million had been invested by ADELA. In 1977 these investments increased to \$485 million. ADELA was able to expand during the 1970s because it financed its operations through loans acquired from commercial banks. ADELA eventually acquired over 240 investors, none of whom possessed more than 1% of the corporation, which meant that eventually ADELA would succumb to poor management, due to the fact that there was no single dominant shareholder who might tighten reigns over the organization. Tragically, after such dynamic and heroic efforts on the part of Javits and supporters, ADELA eventually atrophied. A U.S. government study stated that the loose management led to “deceptive practices by branch offices.” Inadequate supervision plunged the company into official bankruptcy in January, 1980. However, as of 1981, ADELA possessed \$90 million in capital and had helped to finance \$2 billion dollars worth of projects in Latin America, mainly in the realm of small local enterprises. It was also able to earn profits. For the next twelve years ADELA remained in receivership. In 1992 the ADELA Corporation which began with noble dreams finally ceased operations.⁵⁴

Javits Expands Propagation of Regionalism, 1963-1966

⁵² Jacob K. Javits, “The Age of the Good Partner: A Program for the Americas,” March 16, 1964, in, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8, 9, and 10, 1965, 215.

⁵³ Javits, *Autobiography*, 259.

⁵⁴ Center for Development Information and Evaluation, *The Venture Capital Mirage: Assessing USAID Experience With Equity Investment*. USAID Program Operations and Assessment Report No. 17. http://www.usaid.gov/pubs/usaid_eval/ascii/pnaby220.txt (accessed July 15, 2004).

After leaving the ADELA Corporation, Javits turned his attention to other activities promoting Latin American economic integration. He considered it important to promote regionalism with the support of the United States. Since Washington was the leading superpower in the western hemisphere and was willing to assist with economic integration, Latin American unionists had to work with the United States and they needed a strong advocate in the halls of Washington. Likewise, U.S. supporters of integration needed allies in Latin America. The key to this relationship would be a strong liaison between both societies. This would require a massive public relations campaign within the U.S. and Latin America. Javits was uniquely suited to act as liaison in these efforts to secure the economic integration of Latin America. He was ideal for the role of publicist, promoter and intermediary, because of his close relationship at that time with President Lyndon Johnson, Vice President Hubert Humphrey and the various Latin American leaders. With his dexterous political skills Javits was able to play a key role during 1963-66 in advancing a pro-regionalist/unionist dialogue within the United States.

It was the desire of Javits to see the Alliance for Progress play a key role in the economic development and unification of Latin America. This would be accomplished by Latin American commission that would decide how monies would be spent. However, one observer noted that “it was not clear that Latin America wanted a truly multilateral effort...”⁵⁵ These funds were to be preferably spent on projects that would lead towards economic integration.⁵⁶ A board composed primarily of Latin Americans would accomplish this task. It was known as the Inter-American Committee for the Alliance for Progress (CIAP) which was formed in November, 1963. Javits actively encouraged Latin Americans to promote multinational projects that would contribute to the economic development and integration of the region.⁵⁷

Javits was assured by the Johnson administration that Washington sought to “devise projects which will stimulate the imagination of the peoples of Latin America.”⁵⁸ Jack Hood Vaughn, the United States Coordinator for the Alliance for Progress, informed the Senator that the United States sought to increase the “participation of private enterprise.” Likewise, Washington was pursuing the increased involvement of Western Europeans in order to hasten the development and integration process.⁵⁹ Javits was also kept personally abreast of Johnson’s official support and the desire of the White House to involve as many other hemispheric agencies as possible, such as the Inter-American Development Bank, which was viewed as the logical ally of the Alliance for Progress, since the goal of the two organizations was to promote economic integration.⁶⁰ Both Javits and the Inter-American Development Bank consulted closely with each other. Felipe Herrera, the President of the bank, felt that increased infusions of capital to promote “impact projects” in the region would ultimately have a major “psychological

⁵⁵ William D. Rogers, *The Twilight Struggle: The Alliance for Progress and the Politics of Development in Latin America*. (New York: Random House, 1967), 269-70.

⁵⁶ Lyndon B. Johnson to Felipe Herrera, September 21, 1965. JJC, S4, SS1, Box, 26.

⁵⁷ Carlos Sanz de Santamaria to Jacob Javits, September 14, 1965. JJC, S4, SS1, Box, 26.

⁵⁸ Jack Hood Vaughn to Jacob Javits, September 20, 1965. JJC, S4, SS1, Box, 26.

⁵⁹ Jack Hood Vaughn to Jacob Javits, September 20, 1965. JJC, S4, SS1, Box, 26.

⁶⁰ Lyndon B. Johnson to Felipe Herrera, September 21, 1965. JJC, S4, SS1, Box, 26.

and political” impact throughout the region. Massive capital investment, argued Herrera, “would have far-reaching effects in consolidating Latin America’s position in the Western World.”⁶¹

An increase in investment would eventually bring large portions of the population out of poverty and create the conditions for further economic stimulus. This would be achieved through the financing of regional projects rather than those proposals that would benefit only one state. However, European capitalists did not share the same enthusiasm for investment in Latin America as did North Americans. Herrera claimed that funding from Western Europeans had been slow in arriving because they “were not prepared to make such large sums available on terms and conditions suitable to our countries.”⁶² The reason for this was uncertainty regarding Latin America’s political stability. The victory of Fidel Castro and the insurgency of Che Guevara gave many Europeans trepidations about investing in the area. Urban guerilla movements associated with Marxist extremists had wrecked havoc in several countries, making many observers wary about the future of Latin America. Consequently, it would be many years before European investments reached the level of U.S. capital inflows.

Congressional Hearings of 1965

Despite the fact that most of the Latin American countries were poor, the significance of the Americas to the health of the U.S. economy and as a commercial area was understood by America’s leadership. A special report prepared for the Council on Foreign Relations stated that the Western Hemisphere was more important to world trade than any other trading bloc or free trade area.⁶³ In the early 1960s the impact of economic integration in Latin America had come under intense study by both private organizations and the White House. By 1965 the U.S. Congress decided to hold hearings on the matter, so that it could come to its own conclusions, which was conducted by a bipartisan joint Senate–House sub-committee. Although Javits did not chair the committee, he was the driving force behind it and played a conspicuous role throughout the three-day meetings held in September, 1965. The hearings were important because they allowed various sectors of U.S. society to echo their views and concerns on the matter. For the most part, little opposition to the economic integration was articulated, although it was made clear that the ultimate objective of regional integration was to be free trade between the United States and Latin America.

Javits declared that both the congressional hearings and Latin American economic integration were critically important to the future of millions of people in the hemisphere.⁶⁴ He informed the committee members and the audience that it was understood by policy experts in both the U.S. and Latin America that unless integration

⁶¹ Felipe Herrera to Jacob Javits, September 24, 1965. JJC, S4, SS1, Box, 26.

⁶² Felipe Herrera to Jacob Javits, September 24, 1965. JJC, S4, SS1, Box, 26.

⁶³ John Pincus, *Trade, Aid and Development: The Rich and Poor Nations*, (New York: McGraw-Hill, 1967), 211. Prepared for the Council on Foreign Relations.

⁶⁴ U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty–Ninth Congress, First Session, September 8,9, and 10, 1965, 5.

was achieved it would not be possible to achieve the required growth rates for the region's economy. Only a common market would "provide the necessary stimulus to rapid industrial development in a competitive atmosphere, and bring about the necessary diversification of the Latin American economy. Most importantly integration would increase "Latin America's leverage with the industrial nations of Europe and North America."⁶⁵ Why would Javits care if Latin America's leverage with the United States were increased? By the 1960s, U.S. corporations were the leading enterprises in Latin America, providing massive profits to their North American owners. In order for U.S. enterprises to be able to realize their full potential, the markets of Latin American had to be rationalized. Javits' efforts would serve to create conditions that would maximize their profits, by allowing them to export surplus production to the United States in a more efficient manner.

Although Javits was convinced of the need for economic integration, and was willing to make concessions to Latin American economic interests, not all U.S. legislators were as conciliatory. Support for this policy did not go unchallenged. Senator Len Jordan of Idaho claimed that the real issue confronting the U.S. was the nature and objectives of regional trading blocs. Would these trade blocs promote free trade and competition via the market, or would they follow the path of planning and regulation? Integration could not serve global interests if it was to follow a protectionist approach, argued Jordan.⁶⁶ Most legislators of the investigating committee were much more conciliatory in their long range views of Latin American economic integration and were preoccupied with problems that impeded the goal. A major concern which arose was the problem of the sectoral commissions and their efforts to allocate resources to the various states through specific trading concessions. The efforts of the Latin American governments seeking to have certain industries planted or protected on their soil also caused concern. Congresswomen Martha Griffiths asserted that it was "debatable just how far the allocation of various industries" could be carried out within the region. She correctly pointed out that these political considerations would only complicate matters for the Latin Americans.⁶⁷

Dr. Isaiah Frank, Professor of Economics at Johns Hopkins University, who was an expert on Latin American economic integration, provided illuminating testimony before the committee. He testified that the deficiencies of the Montevideo Treaty which created LAFTA were not the result of oversights. It was a mistake, he argued, to assume that the Latin Americans did not understand the benefits of economic union. Political leadership in the region was crippled by its inability to overcome special interest groups "in favor of a long-run national goal," claimed Frank. He informed Javits and the committee that remedies to the treaty could not be implemented insofar as the political system in Latin America "remained unchanged," though he did not specify what changes

⁶⁵ Ibid., 6.

⁶⁶ Statement by Senator Len B. Jordan, in U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8, 1965, 8-9.

⁶⁷ Statement by Senator Len B. Jordan, in U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8, 1965, 11.

would have to be implemented. Frank expressed concern about the negative impact free trade might have on the less developed Latin American economies, an issue which plagued the Latin Americans. He argued that these concerns were legitimate, but capable of resolution. Frank informed the committee, that “capital, entrepreneurs, and skilled technicians...tend to gravitate toward the more advanced partners of the preferential region.” This problem was not the imagination of the Latin Americans, but a reality. The remedy, he suggested, was to create a special bank in Latin America to deal with “lagging regions” as had been done in the European Economic Community with the establishment of the European Investment Bank.⁶⁸ Regional trading blocs, emphasized Frank, needed to be based on geography, because geographically contiguous states were natural trading partners, hence the need for LAFTA and a common market. In accordance with liberal economic tenets, Frank emphasized that the primary purpose of promoting regional integration was the total liberation of trade from any barriers. The ultimate objective of any trading bloc, he argued, “should be a customs union that would exclude only the moon.”⁶⁹

Other experts agreed on the need to ultimately seek the liberation of global trade. Joseph Grunwald of the Brookings Institute asserted that U.S. objectives were to create the conditions for a new global economic order to promote free trade by bringing the many pieces of a fragmented international system into a larger economic unit, “so that they become more viable from an economic as well as from a political point of view.”⁷⁰ He claimed that Latin American efforts were based on the success of the “common market constituted by the United States.”⁷¹ Addressing the concerns of lesser developed states in the region, Grunwald indicated that political unification might have to precede economic union in order to facilitate an “efficient and sustained” economic unit, and added that economic union per se could not resolve all the problems of the area. Regional integration in Latin America, he observed, would create winners and losers, but long-run benefits could enormously outweigh short-run losses.” What Latin American leadership failed to understand, was that the same conditions between rich and poor states existed in the United States and the European Community.⁷² Indeed, the free movement of capital, people, goods and services in the United States and Europe had prevented the population from becoming mired in extreme poverty, but had propelled large numbers of people into the ranks of the middle class.

On the issue of expanding free trade between the U.S., Latin America, and the rest of the world, Grunwald argued that the United States should support Latin American economic integration even if the “best economic policy” was not followed. The best that Washington might hope for would be a second or third best system. The U.S. might have

⁶⁸ Statement of Dr. Isaiah Frank, in U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8, 1965, 16.

⁶⁹ *Ibid.*, 29.

⁷⁰ Statement of Dr. Joseph Grunwald, in U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8, 1965, 29-30.

⁷¹ *Ibid.*, 21.

⁷² *Ibid.*, 20.

to accept such a situation, he noted, because not all of the Latin American objectives were economic.⁷³

The representatives sent by the Johnson administration reinforced the rationale previously provided by Javits and the U.S. government in their support for the economic integration of Latin America. Anthony M. Solomon, Assistant Secretary of State for Economic Affairs, testified that the objective of U.S. economic foreign policy was free trade. He rejoined criticisms of Washington's objective by asserting that the "trade-creating effect of regional groupings would offset" any disadvantages that might be incurred; an obvious reference to concerns in Latin America about the alleged deleterious effects of liberating trade. Members and non-members would benefit in differing degrees with economic integration. He added that such an organization would eventually serve as a "politically unifying force," a position which coincided with the goals of Javits.⁷⁴

Emilio Collado, of the Standard Oil Company supported economic integration for Latin America, but expressed concern that this policy might actually increase the "effectiveness of economic isolation" leading to further problems. He made it clear that U.S. support should be solely predicated by the objective of furthering free trade; otherwise, it would be counterproductive for the U.S. and Latin America.⁷⁵ Integration had the potential to bring in a "breath of fresh air" to the Latin American economies, but Collado expressed suspicions about the movement. He called for strict vigilance on "those at work on integration efforts in relation to the future role of private investment in the area." A careful scrutiny of policies and those that promoted them would reveal the potential of benefits and problems.⁷⁶

George S. Moore, President of the First National City Bank and the President of the Inter-American Council for Commerce and Production (CICYP) was not as pessimistic, or as wary, as Collado. Moore felt that the business community in Latin America had gained a prominent enough position in the region so that it could give direction to the integration agenda.⁷⁷ According to Moore, public opinion throughout the U.S., Western Europe and Latin America had to be galvanized in support of economic integration for Ibero-America. He had worked closely with Javits and cited the senator's work as a prelude to a successful common market for the region. In his analysis of inter-Latin American economic relations, Moore explained that the consequences of Latin America fragmenting into many states had created a situation leading to petty rivalries

⁷³ Ibid., 21.

⁷⁴ Statement of Anthony M. Solomon, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 10, 1965, 148-49.

⁷⁵ Statement of Emilio G. Collado, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8, 1965, 32.

⁷⁶ Ibid., 36.

⁷⁷ Testimony of George S. Moore, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 10, 1965, 77. The Spanish acronym for this organization is (CICYP), and is the only method used in citing the organization throughout document and by Javits.

and suspicions that “impeded political stability, retarded the development of managerial and administrative competence and weakened confidence in the security of persons, savings, and investment.” Thus, it was to be expected that the process of economic integration would be a slow and painful one.⁷⁸

Jack Hood Vaughn, the Assistant Secretary of State for Inter-American Affairs, reiterated that the administrations of Kennedy and Johnson had staunchly supported Latin American economic integration. The goal was portrayed as a principle objective of U.S. policy. “We in the executive branch are convinced that this integration is one of the changes which must take place...” Vaughn claimed that Washington had “given concrete evidence” of support for this policy since 1961, and cited recent statements by the U.S. delegation to the United Nations Economic Commission for Latin America that advocated economic integration at the May, 1965 meeting⁷⁹

A major reason for supporting economic integration had been to create a development tool to stymie potential communist advances. Accordingly, both Vaughn and Javits discussed the potential for left-wing insurgencies appearing in the region. Javits was particularly perturbed by recent trips to Moscow that had been made by Latin American politicians, and inquired about their significance. Vaughn felt that these visits were probably trade missions and that there need be little concern, although both men concurred that unless sufficient economic growth was achieved, the entire region could be engulfed in leftist revolts.⁸⁰

The termination of the hearings confirmed the support for the economic integration of Latin America by both the executive and legislative branches of the U.S. government. This support was not enough for Javits. The issues, problems and potential that economic integration posed were too big to ignore. It merited further perseverance on his part. He believed it was possible for a few dedicated individuals to completely recast the world for the better, hence his own personal commitment to the cause of economic integration. For Javits, the hearings served to confirm that elements of the U.S. government would not oppose his efforts.

Javits continued with his own investigation on behalf of the sub-committee, even after its public hearings had ceased. He queried the acting Assistant Secretary of State, Robert M. Sayre, about how the U.S. State Department perceived the relationship between economic integration and the rationalization of economic assistance to Latin America. This was extremely important to Javits because he supported linking the distribution of Alliance for Progress funds through a centralized Latin American organization. It was his expectation that it would be LAFTA or a Latin American Common Market. Sayre replied to Javits that U.S. aid programs were based on the policy

⁷⁸ Testimony of George S. Moore, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 9, 1965, 53

⁷⁹ Testimony of Jack Hood Vaughn, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 10, 1965, 143-45.

⁸⁰ *Ibid.*, 167.

of promoting regionally based projects as the key to development and that this was the only viable method for dealing with otherwise intractable problems of under-development. Sayre cited the Pan-American Highway as prime example of a regional program supported by Washington, although it was viewed as a “marginal” project. Furthermore, construction of the road was stalled due to a lack of agreement among the Andean states about the route it would take.⁸¹

Shortly after the congressional hearings Javits spoke to a group of Latin American central bankers at the Federal Reserve Bank in Washington, D.C., He assured them that the witnesses who had testified represented “the most advanced thinking” in the United States and Latin America. He reiterated that the United States stood solidly behind economic integration. Washington would do everything possible to help Latin Americans develop their economies through the export of private capital from the U.S. and Europe. Likewise it was essential that the Latin American governments support the U.S. in the effort in order to maintain the free world alliance against those that would undermine it.⁸²

Action Committee for Latin America

By 1966 the integration effort in Latin America was floundering. Opposition to its expansion came from many sectors in the region; foreign and domestic business, labor unions, and the extreme left that sought the destruction of LAFTA, or its replacement with a leftist model. The Colombian industrialist Alberto Samper G. informed Javits that the impediments to economic integration arose because “no country is willing to give up its possibility to set up its own industry.” Samper cited efforts by U.S. companies to maintain their competitive advantage in the various regions of Latin America by preventing the formation of a larger economic grouping. He asserted that some North American companies, felt that economic integration would actually create a more “limited market.” In order to remedy this problem, some Latin American businessmen suggested that U.S. firms form joint ventures with other U.S. and Latin American companies.⁸³

Amidst this economic maneuvering and chicanery, one observer of the integration process noted that there was a widespread feeling among integration supporters that LAFTA had “outgrown its original skin” and that it was time to move forward, although it was necessary to allow the Latin Americans to proceed at their own pace.⁸⁴ A leading Mexican economist and expert on the integration movement, Miguel S. Wionczek, noted that economic integration had the “support of the most dynamic elements in Latin

⁸¹ Reply of Robert M. Sayre to Javits, October 22, 1965, U.S. Congress, Hearings before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee, Latin American Development and Western Hemisphere Trade, Eighty-Ninth Congress, First Session, September 8,9, and 10, 1965, 201

⁸² Jacob K. Javits, “Remarks of Senator Jacob K. Javits,” September 16, 1965. JJC, S4, SS1 Box 28 & 145

⁸³ Alberto Samper G. to Jacob Javits, October 14, 1966. JJC, Latin American Common Market, S6, SS1, Box 75. Letter also sent to Alberto Lleras Camargo and Dr. Rodrigo Botero.

⁸⁴ William A. Rosenthal to Jacob Javits, June 27, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

American societies” but acknowledged that “their combined weight” was not sufficient. The slow pace of integration could be attributed to the foot dragging activities of its opponents. “The active and passive enemies of integration are legion” he declared. These enemies were the extreme right and left, domestic business, foreign corporations operating in Latin America, state enterprises, labor unions and nationalists of all political hues. There was “no indication whatsoever that this odd coalition ...plans to give up” their opposition to integration during the mid 1960s, he wrote.⁸⁵ Adding to these highly toxic and visible problems, were the incredulous who claimed that the economic integration of Latin America was impossible.

Javits believed it was urgent to advance the pace of economic integration. He called upon the U.S. government and private enterprise to become more active. Javits insisted that “support for the great social and economic issues of Latin America is essential to a leading role for the business community in the development of the Americas. I fully agree that reasonable progress in development is just not enough and that both self-help and the Alliance for Progress needs urgent acceleration.” He called on the business community to “to press forward with imagination and total commitment in support of the modernization of Latin American society.” Likewise, he emphasized that the primary political and economic objective of international liberalism in Latin America had to be the “transformation of LAFTA into a common market.” Javits expressed confidence that the American government would support endeavors to create an “effective” integration program.⁸⁶

In order to accelerate the economic integration of Latin America Javits proposed an Action Committee for a Latin American Common Market. The objective of the organization would be to promote Latin American economic integration in public and in private before groups, governments and individuals. This effort was intended to accelerate the work of LAFTA and begin its transition to a full-fledged common market similar to the European organization. This would be a truly internationalist effort with members from all over the world. Its membership would include individuals who no longer saw themselves as simply citizens of a single country, but as citizens of the world. The idea for this project originated with George S. Moore, a prominent American businessman in Mexico City, but it was Javits who pursued and developed the plan.⁸⁷ The first public proposal of the project was made by Javits on April, 1965 in Mexico City.⁸⁸

The Action Committee would be similar to the Action Committee for Europe formed by Jean Monnet as a spur to foment the European Common Market. Since the European committee had proven successful, it was assumed that it would work for the

⁸⁵ Miguel S Wionczek, “Introduction: Requisites for Viable Integration” Latin American Economic Integration: Experience and Prospects (New York: Praeger, 1966), 16-17.

⁸⁶ Jacob Javits to George S. Moore, May 31, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

⁸⁷ Ibid. Javits wrote Moore that, “I applaud the establishment of your Action Committee for Economic Integration which reflects outstanding business statesmanship....” See Javits’ letter to George S. Moore, May 31, 1966. JJC, Latin American Common Market, S6, SS1, Box 75

⁸⁸ Jacob Javits to Jean Monnet, August 23, 1966. JJC, S6, SS1, Box 75

Latin American effort. Thus, Javits appropriately invited the Jean Monnet, the doyen of economic integration, to attend the meetings of the proposed organization. The senator was interested in the views of Monnet and how the European experience could be applied to the Latin American situation.⁸⁹ Javits was particularly interested in the formation of Monnet's organization and exhaustively researched its history.⁹⁰ Javits was quick to seize upon the European experience and sought the advice and inclusion of Europeanist leadership by inviting prominent leaders such as Robert Marjolin, Vice President of the European Economic Community.⁹¹ Indeed, it was Javits' intention to be as inclusive as possible by inviting representatives from business, politics and labor, from Europe and the western hemisphere.⁹² The Action Committee for a Latin American Common Market would consist of Latin Americans, citizens from the United States, and Canadians. Javits had contemplated the idea for some time, and his proposal was viewed positively. It was "exciting" to be involved in an effort to reverse the negative trend that had afflicted the integration movement with the best and the brightest minds in the western hemisphere.⁹³

It is necessary to recognize that the quest for economic integration per se, was a strictly autochthonous Latin American initiative that emanated from many prior attempts to foment political unification. By the 1950s the objectives of unionists had come to coincide with the interests of economic liberalism and its international following. The role of Javits in this drama of mutual interests was to provide assistance to Latin American unionists from the northern side of the hemisphere. He never acted alone or arbitrarily, as evinced from his solicitation of advice from Latin Americans. His work was not a minor, ancillary episode concerning a marginalized movement. Nor was his work done in isolation from Latin American public opinion. Javits' credibility was buttressed by his numerous public speeches and the senator's close collaboration with Latin Americans.

The legitimacy of Javits' efforts was bolstered in June of 1966 by Felipe Herrera, the leading development banker of Latin America from the Inter-American Development Bank. Herrera publicly explained to an audience at Georgetown University the goals of unionists and their rationale for pursuing their objective. Herrera bluntly stated that the ultimate objective of economic integration efforts was the political unification of Latin America. He explained that the economic integration of Latin America required "political and institutional decisions and formulas." The new global economic reality had developed to a point that required Latin Americans to "act at the political level to set up community institutions endowed with regional authority."⁹⁴

⁸⁹ Jacob Javits to Jean Monnet, August 23, 1966. JJC, S6, SS1, Box 75.

⁹⁰ Dan Szabo to Javits, September 26, 1966. JJC, S6, SS1, Box 75.

⁹¹ Jacob Javits to Robert Marjolin, September 7, 1966. JJC, Latin American Common Market, S6, SS1, Box 75, see also Javits to Jean Monnet, August 23, 1966.

⁹² Jacob Javits to David Rockefeller, August 23, 1966. JJC, Latin American Common Market, S6, SS1, Box 75,

⁹³ William D. Rogers to Javits, June 13, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

⁹⁴Address of Felipe Herrera to the Colloquium on The Economic Integration of Latin America given at Georgetown University, Washington, D.C. , June 22, 1966 entitled "Economic and Political Bases For A Latin American Common Market" Inter-American Development Bank), 11. JJC, Latin American Common Market, S6, SS1, Box 75.

This perspective was predicated upon the axiom that Latin America constituted one nation divided into twenty states, not just a geographic region. Herrera asserted that “the Latin American nation is not a fictitious entity.” Although differences had evolved in Latin America due to time and space, the various states retained much more in common. Latin America, affirmed Herrera, was perhaps “diverse in shape and manner but similar in essence...from Mexico to Cape Horn” because it had shared the same “experiences, institutions, cultures and influences.” Herera implored the Latin American audience in attendance to recognize that “Latin America had to “recover lost time and not be permanently relegated to a place outside the sweep of history.” Economic integration, he proposed, would remedy the situation.⁹⁵

Herrera also stressed the importance of support from the United States. He reminded his audience that the United States had initiated the globalization process through the regional economic integration of Europe. He emphasized that by “supporting Latin America integration, the United States is continuing along the historic course it initiated by encouraging a European economic community.” Herrera maintained that U.S.-Latin American relations would benefit tremendously from a partnership in which both civilizations would promote the economic integration of Latin America. He informed his audience that “No better formula for the strengthening of inter-American relations can be found than the integration of Latin America, since it will permit this relationship to develop on a more balanced plane, preventing the frustration inherent in bilateral contacts....”⁹⁶

Herrera insisted, however, that it was not desirable for the U.S. and Latin America to bind themselves economically in a free-trade zone because of the inherent economic inequalities existing between both regions.⁹⁷ Integration claimed Herrera had to be “based on authentic Latin America aims.”⁹⁸ Economic integration between the two civilizations was not desirable because it would take on a political hue that would eventually require the juridical subordination of a united Latin America to the United States. This was in stark contrast to the ultimate goal of Javits and the internationalists in the U.S. and in Latin America who wished to see regionalism eventually lead to an all western-hemispheric free trade zone. Nonetheless, Javits did not fret over these remarks. Like other neo-liberals, he believed regionalism would create the conditions for the eventual free trade treaty that would include the U.S. and Canada. Javits had even publicly called for the creation of a “parliament for the hemisphere” before a Chilean audience. This was an extremely bold statement to make in a country whose government had traditionally mocked political integration projects.⁹⁹

⁹⁵ Ibid., 13.

⁹⁶ Ibid., 17.

⁹⁷ Ibid.

⁹⁸ Ibid., 16.

⁹⁹ Jacob Javits, “The Age of the Good Partner: A Program for the Americas” March 16, 1964 in Subcommittee on Inter-American Economic Relations, 211, and in “Political Action Vital for Latin American Integration,” April 5, 1965, in Subcommittee on Inter-American Economic Relations, 216.

Herrera patiently explained to his American audience that there were competing views of political and economic integration for Latin America. There was a centrist and leftist-center-left perspective of integration. The integration movement had traditionally been a liberal, centrist one. The left was not opposed to integration per se, but argued that in order for a viable economic integration to take place that society would have to be restructured. Herrera replied that economic and political integration would in fact provide this reorganization by generating “new forces and trends toward economic and social change.” The results would be peace, prosperity and democracy. He implored his audience to consider the outcomes of national unification and regional integration movements that had succeeded. “The experience of different regions and eras indicates that the integration process entails important sociological transformations.”¹⁰⁰

Herrera insisted that the Latin American integration process could not be achieved exclusively by either private enterprise or the public sector. The region, he informed his audience, had a mixed economy that was significant and which had helped to create the modern Latin America.¹⁰¹ Herrera also argued for the necessity of protecting and promoting the “indigenous industrial class” of Latin America. Failure to do so, warned Herrera, would be a “historic error” since this native class had played such an important role in the economic development of the region. Likewise, Herrera acknowledged that “resistance” to integration was sure to increase once various groups realized that their interests might not coincide with those of unionists.¹⁰² These candid and realistic statements did not deter Javits, despite his clear preference for unbridled market forces. The senator was flexible enough to realize that more could be gained through compromise than from opposition.

Javits continued to solicit the advice of Latin American politicians, though they did not always support economic and political integration. A poignant example is the analysis that Javits incurred from ex-Argentine President Arturo Frondizi (1958-1962).¹⁰³ Frondizi had always been considered a reliable supporter of liberal political and economic policies by Javits and the White House. Both Frondizi and President Eisenhower had developed a strong relationship during their coincidental terms. As Argentina’s chief executive, Frondizi had boldly reversed many policies of the Peronists even though he had won the election with their assistance. As president, Frondizi instituted austerity measures and permitted foreign companies to resume their search and exploitation of petroleum sources. He had demonstrated his capacity for making tough pragmatic decisions on behalf of Argentina, even if it meant alienating leftist-and right-wing interest groups. Because of his ideological dependability, Javits sought Frondizi’s advice.

Frondizi expressed a cautionary, almost indifferent attitude in his remarks, which were consistent with his prior attitude towards economic integration as president. His administration had never seriously considered LAFTA as anything but a free trade

¹⁰⁰ Felipe Herrera, “Economic and Political Bases for a Latin American Common Market,” 14.

¹⁰¹ *Ibid.*, 15.

¹⁰² *Ibid.*, 15-16.

¹⁰³ Jacob Javits to Joseph E. Slater, October 11, 1966. JJC, S4, SS1, Box 154.

organization to be utilized for gaining economic concessions from other Latin American states. He and the Argentine polity had never contemplated an organization that would cement the bonds of economic and political union between the Latin American states.¹⁰⁴

The Argentine leader made it clear that economic integration per se was not considered a viable objective for Latin Americans. His primary objective was to protect the “sovereignty and self-determination” of the Latin Americans. This goal needed to be given priority if any development or regional integration programs were to be successfully undertaken. Regional integration, argued Frondizi, was only a “complimentary process and is no substitute for the national integration of each one of our republics.”¹⁰⁵

Frondizi bitterly complained that the supporters of integration were seeking to convert the Latin American economies into a “modicum of unintegrated entities.”¹⁰⁶ He could not bring himself to openly embrace the cause of integration. Frondizi was of course, stalling, hoping to delay integration as long as possible by paying lip service to the concept. Essentially, the Argentine provided the traditional obstructionist argument utilized by the opponents of economic integration that while integration was a good idea, Latin America was not ready for reorganization. In spite of the disappointing appraisal from Frondizi, support from business and political leaders in Latin America remained strong. Enthusiasm for Javits’ proposals were “quite favorable and I am therefore encouraged to proceed with the idea, in close cooperation with Latin American leaders.”¹⁰⁷ Consequently, the Senator and his Latin American allies eagerly resumed their work.

By September 1966, Javits had initiated efforts to organize the first meeting of the committee. Several Latin American individuals were invited: Jose Antonio Mayobre, Victor L. Urquidi, Romulo Almeida, and Roberto Campos. Javits fervently hoped that Campos would decide to serve as the first President of the Action Committee. He considered Campos the ideal candidate because of the extensive experience in policy-making and administration that Campos had gained as Brazil’s Minister of Planning.¹⁰⁸ These skills were urgently needed in order to deal with the volatile environment facing economic integration.

Jose C. Cardenas, of the Inter-American Development Bank based in Washington, D.C also attended the meeting. His note expressed support for the project, but was conspicuous for its lack of enthusiasm. Cardenas did not make any suggestions for dialogue, nor did he raise any issues or questions. His acceptance note indicated little as to what Cardenas or his superiors might be considering. This was a warning that support for Latin American economic integration was not as positively viewed in quarters from

¹⁰⁴ Interview with Arnaldo Musich, adviser to President Frondizi. June 12, 2003.

¹⁰⁵ Arturo Frondizi, Memorandum, The Problems of Latin America, June 1, 1966. JJC, S6, SS1, Box 75, and , S1, SS1, Box 34, p. 2.

¹⁰⁶ *Ibid.*, 4.

¹⁰⁷ Jacob Javits to Robert Marjolin, September 7, 1966. JJC, Latin American Common Market, S6, SS1, Box 75,

¹⁰⁸ Javits to Roberto Campos, May 31, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

which it should have received the strongest enthusiasm. Cardenas's letter was all the more ominous because he served in the influential position of integration adviser to the IDB.¹⁰⁹

The initial efforts to promote the Action Committee required a Herculean coordination effort by Javits and his staff because many of the invitees were preoccupied with prior commitments. The upcoming conference was to be utilized for the promotion of free enterprise. Hence it was argued that it would be best not to invite those who did not support free market policies, especially at the opening sessions of the Action Committee.¹¹⁰ It was not necessary for any further complications. The integration movement was at a critical stage and there were too many obstacles that could derail the process. There was no need for an organized group to meet that did not share fundamental values. Concern was raised because some government officials were being invited while others were not. This was remedied by turning the first attempts at meeting into private rather than official gatherings.¹¹¹

There was disagreement among Javits' followers about who should be invited to participate in the Action Committee. Javits' highly capable economics consultant Dan Szabo advised him that it was a mistake to limit participation to businessmen. He informed the senator that, "I am frankly uneasy with any Action Committee in Latin America which is predominantly composed of businessmen." Szabo argued it was necessary to recruit members from academia, the press, and the various political parties if such an organization were to succeed. It was especially important to find labor officials of "wide influence" that would be qualified to participate. Unless this was done, these groups might feel left out and "could very well openly oppose the Action Committee."¹¹²

It was felt by supporters of Javits' project that citizens from the United States should play a limited role in the Action Committee for Latin America, if it should ever materialize. David Rockefeller, a close supporter of Javits, expressed concern that the heavy American visibility in the committee might jeopardize any potential that the committee had for success. He argued that the "first initiatives should be purely Latin." Dan Szabo, cognizant of the negative historical pattern that had permeated U.S.-Latin American foreign relations, warned that distrust of the United States could not be easily ameliorated. "Latin Americans will not follow an effort if it appears to be heavily influenced from the U.S." He argued that in order to avoid suspicions of Washington a more effective recruitment of Latin Americans would have to be undertaken and again

¹⁰⁹ Jorge C. Cardenas to Jacob Javits, June 17, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

¹¹⁰ George S. Moore to Jacob Javits, August 30, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

¹¹¹ Dan Szabo to Jacob Javits, Memorandum of September 13, 1966. JJC, VIII Latin American Action Committee, Series 6, SS1, Box 75.

¹¹² Dan Szabo to Jacob Javits, September 26, 1966. JJC, VIII Latin American Action Committee, Series 6, SS1, Box 75.

urged Javits to select additional members from outside the business community lest it lose “weight with the Latin masses.”¹¹³

Enthusiasm for the Action Committee was strong throughout 1966 among the supporters of integrations, and deemed necessary “for pragmatic realizations” that would hopefully lead to a Common Market for the region.¹¹⁴ It was also the intention of Javits and others that economic integration efforts be aligned with the Alliance for Progress. Javits recognized that the Alliance for Progress could never fully alleviate the structural problems inherent in Latin America which resulted from its fragmentation into 19 states, most of which were not economically viable. The Alliance was only a stopgap measure. It could never “replace rapid economic integration” as the primary mechanism for industrialization and development that “could be attained via a Latin American Common Market,” wrote Javits.¹¹⁵ Officials within the Alliance for Progress felt that their program depended on continued advances within LAFTA and the successful initiation of the proposed Latin America Common Market. Economic advancement for the region could only be accomplished by integrating its “markets and economies, making them more productive and competitive, stimulating industrialization and creation of new employment opportunities, and, thereby strengthening Latin America’s development, so that it may become a more equal partner in the Alliance than it is today.”¹¹⁶

Nevertheless, it was understood by potential participants that progress towards economic integration under LAFTA had stagnated. “The progress being made on LAFTA is not very inspiring” asserted J. Grant Glassco, a businessman with offices in Canada and Brazil. He wrote the Senator that efforts to spur the integration effort were necessary. “I think you are right in feeling that some encouragement would be helpful,” and pledged his support for Javits’ work.¹¹⁷ Another prominent businessman wrote that the Action Committee was urgently necessary in order to compensate for “these six lost years” and pledged that the business community would be “only too glad to cooperate.”¹¹⁸ It was widely understood by integration supporters that LAFTA could not, however, really be compared to the European Common Market, because the Montevideo Treaty which had formed LAFTA in 1960 had many juridical flaws. It was a very weak instrument with no enforcement mechanism. The inducements to cooperate were few. These shortcomings led to derisive criticism of the Montevideo Treaty as a “very pale carbon copy” of its European counterpart.¹¹⁹

¹¹³ Dan Szabo to Javits, November 4, 1966. JJC, VIII Latin American Action Committee, Series 6, SS1, Box 75.

¹¹⁴ Jorge Ross to Jacob Javits, Telegram, September 21, 1966. JJC, VIII Latin American Action Committee, Series 6, SS1, Box 75.

¹¹⁵ Jacob Javits to Joseph E. Slater, October 11, 1966. JJC, S4, SS1, Box 154.

¹¹⁶ Carlos Sanz de Santamaria to Lincoln Gordon, July 27, 1966. JJC, VIII Latin American Action Committee, Series 6, SS1, Box 75.

¹¹⁷ J. Grant Glassco to Javits, September 16, 1966. JJC, VIII Latin American Action Committee, Series 6, SS1, Box 75.

¹¹⁸ John P. Phelps, Jr. to Jacob Javits, November 16, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

¹¹⁹ Pierre Uri to Javits, June 3, 1966. JJC, Latin American Common Market, S6, SS1, Box 75

By August of 1966 it seemed that the negative trends afflicting Latin American economic integration might be reversed. A mini-presidential summit had been planned that would be attended by five Latin American presidents, and President Lyndon Johnson had reaffirmed his support for LAFTA becoming a common market. “The time seems especially ripe for an Action Committee,” claimed Javits. His plans for holding the first meeting of the Latin American Action Committee had to be tentative, because the committee would not be able to adequately plan without considering the policies and programs the United States might adopt regarding support of Latin American integration.¹²⁰

In September of 1966, Javits was informed that President Johnson and the U.S. State Department were reluctant to share their plans with him because they were still in the exploratory stage. Likewise, Javits was notified that the President had no special trade agreements with the Latin Americans in mind, nor was he considering any. Nevertheless, Javits was assured that the Johnson administration was committed to pursuing policies “which would give a real push towards Latin American economic integration.” These plans were designed to seek extensive cooperation with private enterprise in accordance with U.S. policy and long term objectives.¹²¹

The public activities of Javits did not go unnoticed by critics. He received a harsh reproach from a prominent member of the U.S. business community. Javits was accused of painting an “unnecessarily dark picture” of the integration process, according to William A. Rosenthal, the regional LAFTA Affairs Director for Business International, an executive search company with offices in the United States, Latin American and Europe. While in Latin America, Rosenthal came to identify with the complaints and concerns of the local business community and press. He argued that Javits’ campaign had become too intrusive in its effort to promote economic integration. Such efforts would best be left to the residents of the region. Rosenthal had spent several years in Latin America and had been in continuous contact with businessmen, keeping them abreast of LAFTA developments.¹²²

Rosenthal felt that Javits’ activities were actually an impediment to LAFTA’s progress. “Speeches such as yours are helping to smother” the integration movement, he said and implored the Senator to curtail his work. Rosenthal assailed the public comments of Javits as representing a typical attitude by North Americans “towards what appeared to be a dawdling Latin America.” In fact, argued Rosenthal, LAFTA had attained many important goals, thus, it served no purpose to dwell on its shortcomings. The critic asserted that Latin Americans were not in the “mañana” mode regarding economic development or reform. Rosenthal censured Javits and the media for allegedly

¹²⁰ Javits to George S. Moore, August 24, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

¹²¹ Dan Szabo to Javits, September 23, 1966. JJC, VIII Latin American Action Committee, Series 6, SS1, Box 75.

¹²² William A. Rosenthal to Jacob Javits, June 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

promoting this image. “The damning attitude reflected by yourself is not the method to achieve results....”¹²³

Javits was unmoved by the criticism. He tenaciously held that the shortcomings of LAFTA had to be “corrected.” Javits argued that the responsibilities of the LAFTA customs union needed to be enlarged beyond the reduction of tariffs so as to include the “coordination of fiscal and monetary policies” as well as a common industrial policy. In effect, Javits had boldly called for the creation of a politically federated United States of Latin America¹²⁴

In spite of his enthusiastic work, Javits eventually realized that he would have to pioneer this task by himself because Monnet showed no interest in assisting with the goal.¹²⁵ Javits was undeterred by criticisms or lack of support by individuals such as Monnet. He immediately began to delve into the problems associated with other federal governments.¹²⁶ His office solicited information on the Swiss federal system and its relationship to democracy from leading European academics. These studies analyzed political federalism rather than “linguistic federalism” and focused on the “centralistic forces and the political individuality” of the various political units. Such an analysis would be of significant assistance in forming a Latin American Common Market. Any potential problems of language between Spanish- and Portuguese-speaking America were of “secondary importance.”¹²⁷

The first meeting of the Action Committee for a Latin America Common Market was held on September 27, 1966. The purpose of the first meeting was to create an Organizing Committee. This organ would establish and administer the Action Committee by the end of 1966. It would create a constitution; obtain a staff and non-profit financing from private sources.¹²⁸ Funding would come from the Ford Foundation, which logically entitled it to a representative on the proposed committee.¹²⁹

At the first meeting it was decided that the primary purpose of the Action Committee was to generate widespread “public and parliamentary support for a treaty” within Latin America for the purpose of establishing a Common Market for Latin America. The organizing committee decided that the Action Committee would not take part in politics or in establishing the “specifics” of implementing a common market, but it acknowledged that it supported the creation of such an organization within ten years.

¹²³ William A. Rosenthal to Jacob Javits, June 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹²⁴ Jacob Javits to William A. Rosenthal, October 11, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹²⁵ Dan Szabo to Javits, September 26, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75

¹²⁶ Dan Szabo to Joseph E. Slater, November 4, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹²⁷ Jacques Freymond to Joseph E. Slater, October 12, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹²⁸ Author unknown, Meeting to Begin Action Committee for a Latin America Common Market: Draft Agenda, September 26, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹²⁹ Alberto Lleras (Camargo) to Jacob Javits, September 29, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

The proposed common market would “promote the free movement of goods, services and peoples” within the context of a free market economy “toward the outside world and other market groupings.” Likewise, the Action Committee was to generate enthusiasm for a common market within the U.S. government and the business community in order to “give it every possible support.”¹³⁰ The problem was that some members of the U.S. business community operating in Latin America were not totally amenable to the project, because they sought to limit competition in their assigned regions.

Javits’ proposal was a bold plan. The Action Committee would officially seek membership from business, labor, politicians, newspaper editors and intellectuals. Membership in the committee was not to exceed 50. Each Latin American state was to be allotted a number of seats, determined by the amount of trade it engaged in, rather than population size. The United States and Canada were to be provided no more than 10 representatives. The committee would publish periodic reports such as those issued by Jean Monnet’s committee. The influence of the committee would be magnified by its membership who was to disseminate information and promote the cause of Latin American economic integration to their respective organizations. It was the intention of the organization that national committees would eventually be established within Latin America and the United States.¹³¹ Financing for the organization would be provided by the Ford Foundation.¹³² It was estimated that between \$150, 000 and \$300,000 would be required for operating expenses. Likewise, the first committee meeting felt that 3 executive directors would be required in order to represent Latin America, North America and Europe with “the one from Latin America taking the lead.” In order to make it a truly international effort, it was suggested that the Action Committee establish offices in either New York or Washington for representation for the United States. Geneva or Brussels were suggested as possible European offices. The official headquarters of the committee would be in Latin America, although no discussion of which city might be assigned the honor was conducted.¹³³

At the first session it was decided to create an organizing committee. Dr. Alberto Lleras Camargo was elected as the first chairman of this committee. He was well known as a friend of the United States, with impeccable liberal credentials. He had been president of Colombia on three occasions and possessed extensive diplomatic experience. His former position as head of the Organization of American States (OAS) had provided him with valuable experience and dexterity in dealing with governments as different as Washington and the numerous Latin American states. His selection was well received by Americans in the highest corridors of power. David Rockefeller felt that the selection of

¹³⁰ Action Committee for Latin American Common Market. September 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹³¹ Action Committee for Latin American Common Market. September 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹³² Alberto Lleras (Camargo) to Jacob Javits, September 29, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹³³ Action Committee For Latin American Common Market. September 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

Lleras Camargo was an “excellent choice” that augured well for the Action Committee.¹³⁴

The committee expressed confidence that their efforts would succeed. They cited the public support of President Johnson for the economic integration of Latin America as signaling a new start for the region and U.S-Latin American relations. Senator Javits expressed his desire that the nucleus of the membership should come from the ranks of people interested in attending the first meeting. He stipulated that it would be necessary for these individuals to work in Washington D.C. during the inception of the project. Javits was not being exclusive. He reminded those in attendance at the first meeting that they should view themselves as advisers to the Organizing Committee.¹³⁵

David Rockefeller insisted that it was up to the Latin Americans to take up the initiative for a common market. George S. Moore argued that since Latin American economic integration was at a “standstill,” it was up to the committee to “create a new force.” This force would come in the form of an Action Committee for a Latin American Common Market that would supercede the anemic LAFTA. Moore argued that two committees were necessary in order to pursue economic integration for Latin America. One committee would be composed of representatives from Europe and the United States. The second committee would be composed of Latin Americans. The former would keep watch over the latter committee and would provide advice and assistance if relations between the Latin Americans should ever break down.¹³⁶

Rodrigo Gomez, a businessman, emphasized the need for practicality. He called for the creation of a sub-committee to study any issues the Action Committee might have to resolve. Agustin Edwards, a distinguished newspaper editor, stressed the need for a special subcommittee to be established for the dissemination of information to the press. Carlos Sanz de Santamaria applauded the creation of the Action Committee, which he viewed as “advisable” and necessary because of the “favorable opinion” of economic integration that had evolved over the previous five years, although he noted that private enterprise in Latin America was not always so well disposed to it.

Juan B. Martin suggested that economic integration was no longer a marginal idea because many businessmen in the region had become “convinced that integration is the solution to Latin America’s problems” but recognized that many businessmen did not support this view. He noted that opposition to integration in the business community came from smaller businessmen who lacked “a complete understanding” of its objectives. A pro-active Action Committee, he argued would remedy this problem. Any delay in starting the committee would entice the opponents of economic integration to become even more obstreperous. Martin argued that it was not enough to have the four great

¹³⁴ David Rockefeller to Jacob Javits, September 28, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹³⁵ Action Committee For Latin American Common Market. September 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹³⁶ Action Committee For Latin American Common Market. September 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

Latin American economists, Felipe Herrera, Jose Mayobre, Raul Prebisch and Carlos Sanz de Santamaria, in the committee. It was also necessary to have permanent and professional field representatives who would journey to Latin America in order to promote economic integration to both businessmen and politicians alike.¹³⁷ A number of organizations that were aware of Javits' plans enthusiastically submitted names for the Action Committee, including the ADELA organization which nominated Dr. Enrique Delgado, one of the founders of the Central American Common Market.¹³⁸

In the meantime, by the middle of 1966, Javits' tireless work on behalf of regionalism and domestic causes brought him to the attention of those seeking an alternative to the administration of President Johnson, which was being plagued by civil unrest, growing discontent with his conduct of the Vietnam War, frightening race riots and a growing crime rate. His work generated enthusiasm for a potential Javits bid for the presidency, or vice-presidency. Although, a serious candidacy for that office was not undertaken, Javits had by this time earned a reputation as a leading American statesman.¹³⁹ He made the cover of Time magazine in 1966-- a clear indication that elites viewed his potential as a presidential candidate with great interest.

Time magazine ran an extensive and very positive article on his career and his possibilities for securing the White House. How long Javits considered running for president is unclear, but it explains why he and President Johnson had not worked together on a closer basis. The article mentioned Javits' work with ADELA, claiming his activities had given him a reputation as an "ideas" man of "intellect, diligence and integrity." The senator was described as a "loner athirst for bigger things" who had been born in "the urban counterpart to a log cabin-- a janitor's flat in a tenement." An active campaign for the presidency would have made him a rival of President Johnson, Vice-President Humphrey or the very popular junior senator, Robert Kennedy, also of New York. Nevertheless, the article noted that Javits' chances of securing the Republican nomination would be difficult due to the fact he was liberal, Jewish and from New York City. These alleged political liabilities did not, however, prevent him from continuing his commitment to the internationalist agenda.¹⁴⁰

In the interim, Javits and his supporters galvanized their efforts to promote the Action Committee for a Latin American Common Market. The main purpose of this committee would be to support a common market for Latin America. On January 27, 1967, Javits held a private meeting in his home with some of his supporters. It was agreed that two distinct organizations would be created. The first would be the Action

¹³⁷ Action Committee For Latin American Common Market. September 27, 1966. JJC, Latin American Action Committee, S6, SS1, Box 75.

¹³⁸ Ernst Keller to Jacob Javits, November 28, 1966. JJC, Latin American Common Market, S4, SS1, Box 89.

¹³⁹ Ricardo Jimenez Lorden to Dan Szabo, August 29, 1966. JJC, Latin American Common Market, S6, SS1, Box 75.

¹⁴⁰ "Republicans: Trustee for Tomorrow" *Time*, June 24, 1966, 87, no. 25, pp. 25-29. The real impediment to a potential Javits bid for the presidency was the candidacy of Governor Nelson Rockefeller (NY) and Governor George Romney (MI). These men were also considered liberals and the internal market of the Republican Party was in fact seeking a center-right candidate.

Committee for a Latin American Common Market. The second entity would be the Atlantic Cooperating Committee, designed to facilitate U.S. and European support for the former group. Any reference to supranationality or political unity was to be avoided so as not to alarm the sentiments of extreme nationalism. It was agreed that a Cooperating Committee (CC) was to be formed so that it could provide tours, exchanges and conferences. The CC was also to operate a Documentation and Research center and to engage in fund raising.¹⁴¹

It was later agreed that the Caribbean was to be included, but it is not clear if it was to be only the Spanish speaking portion, or the entire basin of islands. The common market would not include the entire hemisphere because such a proposal was viewed as unrealistic. Nevertheless, it was observed that a Latin American common market would serve the purpose of raising issues about the desirability of a hemispheric wide system of free trade.¹⁴² By early February of 1967 Javits and his assistants were in “complete agreement as to how to proceed” with the Action Committee.¹⁴³ One nagging problem that plagued Javits and his supporters was whether or not the various national legislatures would approve a Common Market treaty. As a result, all potential members were advised of the importance of the Action Committee in securing public and political support for the actual implementation of a common market.¹⁴⁴

By February of 1967 Javits and his fellow organizers were ready to proceed with the Action Committee. It was agreed that such a committee was necessary for the promotion of a common market and the strengthening of LAFTA. It was also observed that there would be many difficulties facing the proposed committee, and that it would actually face more obstacles than Jean Monnet’s European counterpart which has been formed in 1955. A special report noted that Latin America lacked the level of development that Europe had possessed in 1955. Indeed, the level of trade between Latin American states was negligible. The transportation infrastructure for many states was inadequate and unsuitable for the facilitation of intra-regional trade. Likewise the Latin American states suffered from disparate levels of economic development amongst themselves, which, according to one observer, mitigated against a smooth transition to a common market. The biggest problem facing unionists was the fact that the Latin American countries could not agree on the extent of economic integration to be achieved or the methods to achieve the goal.¹⁴⁵ It was argued that if an Action Committee for Latin America could be established, there was no reason it could not be as successful as its European counterpart.¹⁴⁶

¹⁴¹ Author Unknown, Memorandum, January 30, 1967. JJC, Latin American Common Market, S4, SS1, Box 89

¹⁴² Author unknown, Action for Latin American Integration, February 14, 1967. p.2. JJC, Latin American Common Market, S4, SS1, Box 89

¹⁴³ Dan Szabo to Jacob K. Javits, Memorandum, February 7, 1967. JJC, Latin American Common Market, S4, SS1, Box 89

¹⁴⁴ Jacob K. Javits and Alberto LLeras Camargo to J. Grant Glassco, February 9, 1967. JJC, Latin American Common Market, S4, SS1, Box 89

¹⁴⁵ Ibid.

¹⁴⁶ Ibid., 5.

It was decided that membership was to be granted “insofar as the individuals subscribe to the aims and principles” of the proposed group. Members would come from business, trade unions, academia and the “non-Communist political parties.” This last provision, of course, precluded Cuba from having any role in the organization. The Action Committee was to maintain close relations with the major regional integration associations. It would publish public statements with the appropriate recommendations and rationales for any recommendations. The establishment of an Information Subcommittee was cited as a priority so that the maximum amount of publicity on behalf of economic integration could be made.¹⁴⁷

It was recommended that a permanent staff of professionals be established for the Action Committee. It would consist of a director, an economist, a public affairs officer, and a research assistant. The group would help draft public statements and investigate any outstanding issues. It would also serve as a liaison group with other organizations.¹⁴⁸

After much work, Javits decided to unveil his plans for the Action Committee for a Latin American Common Market to the news media and hence the general public. He asserted that both the United States and Europe were successful examples of economic integration. His close associate, Alberto Lleras Camargo, affirmed their intention to enlist people from “all walks of life.” Javits added that he considered it a “privilege and duty to support this Latin American movement in every appropriate way.”¹⁴⁹ On April 8, 1967, Senator Javits held a news conference at the Carnegie Endowment International Center in New York City to discuss his ambitious plans. The timing of the event was scheduled to coincide with the upcoming Punta del Este, Uruguay summit to be attended by all the Presidents of the Americas in order to discuss further steps at promoting regional economic integration. Javits informed the press corps that those individuals who had been invited to participate in the U.S. branch of the proposed organization had unanimously agreed to begin meeting as soon as their Latin American counterparts began “implementation of their own plans for an Action Committee.” It was this latter group that was the key to success or failure, depending on their commitment to the cause of regionalism and unionism. Javits believed these parallel committees would be of great moral and political assistance to the integration movement. The Action Committee and its auxiliary components were expected to assist the efforts of the presidents who were scheduled to meet in Punta del Este. The benefits of “economic integration on a continental scale” were obvious to all, added Javits.¹⁵⁰

Javits assiduously worked to garner maximum publicity for his Action Committee. He informed the press officer for the U.S. delegation to the United Nations about his plan, which allowed the US delegation to inform the press about Javits’ proposal two days before his formal announcement. The Javits public affairs team

¹⁴⁷ Ibid., 6.

¹⁴⁸ Ibid., 6-7.

¹⁴⁹ Draft Press Release, April 7, 1967. JJC, Latin American Common Market, S4, SS1, Box 89.

¹⁵⁰ Jacob Javits, Statement of Senator Jacob K. Javits of New York at a Press Conference held following a meeting with Latin American and International Leaders. April 8, 1967, JJC, Latin American Common Market, S4, SS1, Box 89.

invited 87 reporters, mainly from the New York City area. Of these, 20 were Latin American correspondents. In attendance were reporters from UPI, AP, CBS, NBC, USIA, Voice of America, TASS, Reuters, Italian News Service, Der Spiegel, the New York Times, Daily News, Time magazine, Baltimore Sun and the Journal of Commerce. Javits' press aide, Sheila Kelley felt better attendance could have been achieved on a weekday rather than a Saturday. Furthermore, there might have been more reporters had it been in Washington, D.C. because the reporters assigned to that station were "more knowledgeable on the subject at hand." Nevertheless, the press conference was viewed as a success. Indeed, media interest in Javits' project was high, and many reporters asked to be informed about any new developments.¹⁵¹ The New York Times and Baltimore Sun both recognized Javits as the acknowledged leader and organizer of the plan.¹⁵² The press was quick to note that the objectives of Javits and his group would be difficult to achieve due to the trade rivalries and suspicions among the larger Latin American countries, and cited the reluctance of Argentina and Brazil to reduce tariffs on manufactured goods.¹⁵³

By July, 1967 Javits was working to secure adequate financing for the Action Committee. He was heavily prodded by Horacio Godoy a prominent academic from Argentina with extensive experience working with international organizations, about the critical need to secure financial assistance from U.S. sources. Godoy requested that Javits utilize his contacts with David Rockefeller and George Moore so that they could "persuade" Latin American enterprises with U.S. affiliations to participate in financing the Action Committee. Once sufficient funding had been collected from Latin American sources, i.e., private enterprise and labor unions, a formal application was to be made to the Ford Foundation.¹⁵⁴

Javits was advised that only individuals with a solid reputation of being independent should be part of the committee. Warren Wilhelm warned that his close associate Alberto Lleras Camargo, was viewed in Latin America as an "Uncle Tom" of the United States and therefore was not a suitable candidate for the committee.¹⁵⁵ Wilhelm's views were significant because he was associated with the Ford Foundation, which was one of the principal financial backers of the Action Committee, thus he could not be easily ignored. He was characterized as a "first rate individual" but difficult to get along with. Wilhelm had close links to the U.S. State Department and was well versed in Latin American affairs. In July, 1967 Wilhelm informed Javits that the Ford Foundation would support the Action Committee when it saw evidence of Latin American interest in the project. This meant Latin Americans would have to provide financing, and interest from the political class would have to be visible and genuine. Nonetheless, Wilhelm

¹⁵¹ Sheila Kelly to Jacob Javits, Report on Press Conference-Latin American Common Market, April 8, 1967, New York City. JJC, Latin American Common Market, S4, SS1, Box 89

¹⁵² Sam Pope Brewer, "New Group to Aid Latin Trade Unity" *New York Times*, April 9, 1967.

¹⁵³ Nathan Miller, "Hemispheric Mart Backed" *The Baltimore Sun*, April 9, 1967.

¹⁵⁴ Dan Szabo to Jacob K. Javits, "Meeting with Harry Wilhelm, Ford Foundation, July 14 1967, on Latin America Action Committee." JJC, Latin American Common Market 1967, S4, SS1, Box 89.

¹⁵⁵ Dan Szabo to Jacob Javits, "Meeting with Harry Wilhelm, Ford Foundation, July 14, 1967 on Latin America Action Committee." JJC, Latin American Common Market 1967, S4, SS1, Box 89.

noted that funding had been “tentatively earmarked” for the Action Committee on the assumption it could succeed.¹⁵⁶

One of Javits’ key preoccupations became finding a suitable director for the International Cooperating Committee, which was to consist of American and European advisers.¹⁵⁷ Javits’ choice for this leadership position was Walter Sedwitz. The 42 year old nominee had a wealth of experience dealing with Latin American economic integration and was the most suitable individual for the task. He had been a member of the prestigious Council on Foreign Affairs (COFR) for many years and had written numerous research reports on the matter. He was an enthusiastic supporter of Latin American reorganization and had urged the strongest possible support from the United States as far back as 1960. Sedwitz suggested the committee be kept as small as possible with only about 15 people who were firmly committed to the objectives of the Action Committee. He was also skeptical about the ability of the Latin Americans to raise adequate funding, noting that they would probably require \$500,000 to cover their operating costs.¹⁵⁸

In September of 1967 an organizing session of the Action Committee met in Rio de Janeiro. Horacio Godoy informed the group that he believed it was only a matter of time before action committees were formed at the local level. He mentioned that he expected one to appear soon in Argentina. Godoy implored the Action Committee to form closer ties with INTAL (a think tank specializing in Latin American economic integration) established by the Inter-American Development Bank. He also called for additional financing from Latin American sources, presumably so that the Action Committee would not appear as a mere tool of Washington’s foreign policy.¹⁵⁹

The organizers of the Action Committee for a Latin American Common Market knew that they had a difficult road ahead of them. They believed that the assistance and advice of the famous Jean Monnet could somehow help them overcome these problems through the mystique of his name, and perhaps some special insight. As of December, 1967 his name was still mentioned as necessary adviser. The committee organizers believed his influence was crucial to the success of the Action Committee.¹⁶⁰

There was little that Monnet could do for the Action Committee, due to the profound differences between the European and Latin American situations. These differences were highlighted by the renowned Walter Hallstein, who ardently supported the political unification of Europe. “We are not into economics, we are into politics.”

¹⁵⁶ Dan Szabo to Jacob K. Javits, “Meeting with Harry Wilhelm, Ford Foundation, July 14 1967, on Latin America Action Committee.” JJC, Latin American Common Market 1967, S4, SS1, Box 89.

¹⁵⁷ This committee was referred to as the Cooperating Committee (CC) in earlier correspondence.

¹⁵⁸ Dan Szabo to Jacob K. Javits, July 31, 1967. JJC, Latin American Common Market 1967, S4, SS1, Box 89.

¹⁵⁹ “Report of a meeting held in Rio on a Latin American Common Market, Action Committee and International Cooperating Committees,” September 23, 1967. JJC, Latin American Common Market 1967, S4, SS1, Box 89.

¹⁶⁰ Dan Szabo to Jacob Javits, “Meeting with Monnet and Others,” December 8, 1967. JJC, Latin American Common Market 1967, S4, SS1, Box 89.

This view was in sharp contrast with many of the Latin Americans who desperately sought to prevent the establishment of a common market for their region, even, to the point of suffocating LAFTA. Any suggestion of political integration would bring a negative response from their governments. The many previous attempts which had failed at promoting political union guaranteed a storm of ridicule for its proponents.

In retrospect, Javits' decision to omit the words "political unification" and "supranationality" indicated the depth of antipathy for such concepts and policies amongst the Latin Americans, notwithstanding the obvious fact that the state system had exhausted its economic possibilities for the people of the region. In spite of the tireless work on behalf of the Action Committee, its objective failed to come to fruition because it depended on Latin American initiatives, which failed to materialize. By 1968, it was obvious that Javits' efforts and those of Latin American unionists had met new and serious obstacles. First and foremost was the announcement of the Chilean government to promote a sub-regional economic bloc known as the Andean Pact. The creation of this organization indicated the depth of hostility to both LAFTA and a Common Market. The announcement was a death knell for the integration movement of the 1960s. It was a hard blow for Javits. The Andean Group was founded and promoted by Eduardo Frei, the president of Chile, who had been one of the staunchest supporters of LAFTA and the proposed Latin American Common Market. Despite the fact that Frei had publicly supported a common market for Latin America, even as he attended the Punta del Este summit in April, of 1967, he was working behind the scenes to form a separate trade bloc. Juridically, the Andean Pact maintained membership in LAFTA, but it was recognized that the new arrangement was a fiction. There would be one liege lord in the Andean region, and it would be the Andean Pact, regardless of its ineffectuality. The objectives of this organization were strictly economic: to continue the slow bureaucratic-technocratic wrangling over specific trading concessions necessary to safeguard the interests of special constituencies within each state. Frei's chicanery would set unionism back for more than 30 years.

Punta del Este

LAFTA had come to a standstill by 1966. It was clear by that time that none of the Latin American states wished to make any further concessions. Indeed, according to the Chilean president, there was not a single product free of absolute tariffs or restrictions in the LAFTA states.¹⁶¹ Unionists recognized that something had to be done in order to salvage the organization and its objectives. It was decided that a meeting of all interested parties be called to discuss the situation. The urgency of the matter required that the heads of states come together to propose a remedy. It was decided that they should meet in Punta del Este, Uruguay, a seaside resort town, two and a half hours east of Montevideo.

¹⁶¹ Eduardo Frei Montalva, "The Alliance That Lost its Way," *Foreign Affairs* 45, no.3 (April, 1967), 445.

The President of the United States, Lyndon B. Johnson, was also invited, since his support was viewed as essential if the integration movement was to receive economic and political support. Likewise, the Latin Americans were anxious that the conference not be viewed as an anti-Washington activity. Indeed, the White House viewed the proposed summit as extremely important as evinced by the publicity it gave the event. One journalist referred to the meeting as the “conference of the decade.”¹⁶²

Javits did not attend the conference. It was only for the chief executives of each country and their immediate retinues. Although he did not attend the summit, the senator had high hopes for the conference, watched the proceedings closely, and commented on the event extensively. Javits’ advisers suggested that the summit organizers be notified of the Senator’s efforts to create an Action Committee for a Latin America and that the attendees be asked to support his proposed group as a necessary prelude to creating a common market.¹⁶³

If Javits had attended, he would have been met by large crowds of anti-American protesters. This could have proven to be a public relations opportunity for Javits to express his enthusiasm for economic integration, but because he had been mentioned as a potential presidential or vice-presidential candidate, there was no chance Lyndon Johnson would share center stage with him, although the *New Yorker* had undertaken exhaustive work on behalf of a U.S. policy.

President Johnson’s arrival at Carrasco International Airport in Montevideo, Uruguay was greeted by a large number of student chanting leftist slogans, a clear indication that U.S. hegemony in the region faced serious challenges from the future leaders of Latin America. The heckling and animosity was so intense that emergency measures had to be taken in order to insure Johnson’s security and he was immediately whisked away directly to Punta del Este by helicopter in order to avoid the unwieldy and noisy student crowds. Johnson did not have high hopes for the conference. While en route to Uruguay, he asked one of his assistants on board Air Force One: “Why are we going there?” Johnson had been informed of the perennial bickering within LAFTA and claimed that the Latin Americans were not ready to coordinate their activities in a manner that would prove beneficial to their economies.¹⁶⁴

Javits felt otherwise. He was confident that the meeting could have important consequences for the region. If it succeeded a new dynamic future could be molded. The European Community had faced problems before, but they had been overcome. Nonetheless, Javits recognize the possibility of failure. If it failed, he warned that “Americans-North and south will have lost an opportunity for action” that would beguile them for many years. Failure to advance a Latin American common market would be the fault of Latin America’s leaders who would be “ignoring the demands of the Latin

¹⁶² Hugh Sidey, “LBJ’s Diplomatic Foray into South America,” *Life*, 62: 15 (April 14, 1967), 38B.

¹⁶³ Author unknown, Action for Latin American Integration. February 14, 1967. p.11. JJC, Latin American Common Market, S4, SS1, Box 89

¹⁶⁴ Sol Linowitz, *The Making of a Public Man: A Memoir* (Boston: Little, Brown and Company, 1985), 21.

American people.” This would eventually lead to uncontrollable tensions and violence in the future decades to come.¹⁶⁵ Javits acknowledged that economic integration might lead to problems for some states but asserted that temporary discomforts might be necessary in order to alleviate more drastic situations. Indeed, the United States might have to enact unpopular decisions on behalf of the proposed Latin American common market, even if it displeased special interests in the U.S. If genuine progress towards a common market were to be achieved, the Latin American presidents would have to establish a timeline and liberate trade in order to meet the goal.¹⁶⁶ Indeed, it was necessary for the proposed common market to clearly define the rights of domestic and foreign enterprises.¹⁶⁷ Once the common market was in place the allocation of development funds from the Alliance for Progress could be conducted on a more rational basis.¹⁶⁸

Javits was excited about the possibilities facing the Latin Americans. They were engaged in a number of regional projects, such as the Acaray Hydroelectric system. He suggested that in the future a satellite system could be established for the purpose of educating masses of people in Latin America in both Spanish and Portuguese.¹⁶⁹ The senator also argued that the U.S. should support the common market even if it did not conform to the standards of the General Agreement on Trade and Tariffs (GATT), which he claimed were outdated and intended for a post-war Europe. Latin America had to be protected from the discriminatory trade practices of Europeans and their ex-colonies.¹⁷⁰ Of course, by the 1960s many Latin American products were in fact owned by American capital. Discriminatory action against a Latin American product was in effect discrimination against U.S. corporations or individuals. The opportunities for Latin Americans were almost endless, argued Javits, if only the common market was given a chance. Eventually, with the removal of trade preferences a free trade treaty between the United States and an economically integrated Latin America could be achieved.¹⁷¹

In the meantime, President Frei of Chile, writing in the same issue of *Foreign Affairs* as Javits, claimed that “noisy voices are raised to decry the more advanced schemes of integration as utopian” -- a clear reference to the criticisms of the nationalists, business leaders and the political left. Frei lambasted those who viewed economic integration as illusory or utopian because they “pretend that the countries of Latin America will be able to develop and achieve their destiny in the world of the future if each is locked up in its own isolated compartment.” Both Frei and Javits viewed economic integration as essential if the Alliance for Progress were to succeed. Failure could only be blamed on petty nationalism.¹⁷² Nonetheless, though it appeared that Frei and Javits agreed *en toto*, the president was working on the establishment of a third economic bloc for Latin America-the Andean Community.

¹⁶⁵ Jacob K. Javits, “Last Chance for a Common Market,” *Foreign Affairs* 45, no.3 (April, 1967), 449.

¹⁶⁶ *Ibid.*, 450.

¹⁶⁷ *Ibid.*, 457.

¹⁶⁸ *Ibid.*, 452.

¹⁶⁹ *Ibid.*, 455.

¹⁷⁰ *Ibid.*, 460.

¹⁷¹ *Ibid.*, 461.

¹⁷² Eduardo Frei Montalva, “The Alliance That Lost its Way,” *Foreign Affairs* 45, no.3 (April, 1967), 445.

The end of the conference produced a statement by the attending Presidents known as the *Declaration of the Presidents*. The document affirmed their commitment to strengthening the integration process, but it lacked mention of any concrete measures to promote a common market. In the meantime, opposition in Latin America to economic integration was becoming more vocal, especially with the convocation of the Punta del Este summit. Salvador Allende, the leading left-wing political figure in Chile, lambasted the conference as “bearing the finger prints of the United States government” and characterized economic integration as another manifestation of capitalist hegemony. The *Declaration of the Presidents* was nothing more than “jesuitic language” used to give instructions to the Latin American presidents, claimed Allende.¹⁷³

Aftermath of Punta del Este

Javits found the aftermath of the April, 1967 Punta del Este conference a frustrating experience as LAFTA stagnated. The hopes of the Presidential Summit were slowly being dimmed as the Latin Americans failed to come to any substantial agreements. The activities of Chilean President Eduardo Frei to create a sub-regional organization known as the Andean Community only complicated matters. In private, Javits felt this organization would be a negative blow to LAFTA, though in public, he provided support for the Andean Community.

In spite of these setbacks he continued to persevere on behalf of economic integration. Javits believed these problems could be gradually overcome through patience and diligent negotiations just as the European Community had been able to overcome man-made obstacles to its own development. If there were problems in achieving a Latin American Common Market by 1985, it was because of political intransigence and lack of support. Nevertheless, Javits continued to believe these obstacles could be overcome.

Javits suggested that the solution to the problem of promoting economic integration lay with harnessing the energies of Latin American youth. He was the first person in the United States who supported economic integration to call for the inclusion of young Latin Americans in the reconstruction of their society through economic integration. Young people were dynamic, intelligent, and restless. These qualities needed to be tapped for the cause of economic integration. The perspicacious Javits recognized that young people always need a cause to identify with in order to give meaning to their lives. He understood that this was all the more important for youth who had been inculcated with a level of idealism in their upbringing, and that many of them were at a loss as to how to vent this energy. The future, insisted Javits lay with Latin America’s young people. The key to success was convincing young people to campaign militantly on behalf of economic integration. He asserted that the young people of Latin America needed to employ the concept of integration as their “battle cry.”¹⁷⁴ Unless, the

¹⁷³ Salvador Allende, *Punta del Este* (Uruguay: Editorial Dialogo, 1967), 58-59.

¹⁷⁴ “Common Market Crusade Needs Latin American Youth” Address of Jacob Javits to the 12th Plenary Meeting of the Inter-American Council for Commerce and Production (CICYP), September 22, 1967. JJC, S1, SS1, Box 39.

endless idealism of these young people was tapped, it would be spent on other ideologies.¹⁷⁵ The ever eloquent Javits noted:

The youth of Latin America is in a search for a new role today. Its frustration is too often expressed in a negative form—anti-clericalism, anti-capitalism, anti-status-quo, and it uses the vocabulary of extremism guaranteed to shock its elders.¹⁷⁶

Javits stressed the importance of business leaders seizing the initiative to recruit university students to the cause of economic integration because eventually these young people would be the “foreign ministers who meet to eliminate the last tariff barriers to free trade.” Javits reminded them that the agricultural sector would only create 4 million jobs by 1985 although 29 million jobs were required. Government employment and the Liberal Arts could not sustain a viable middle class. Javits pointed out that the percentage of young people in Latin America was very high. Over 42% of the Latin American populace was 15 years old and 51% was under the age of 20.¹⁷⁷ What kind of future would Latin America provide future generations? The only remedy was to convince youth in the region about the importance of integration. Thus, Javits called on Latin American business leaders to bring them into the integration movement.

Your youth should be involved in this struggle. It is one of the greatest assets you have. It is one of the most dynamic forces at work in Latin America. It is also an increasingly potent factor in the life of Latin America, both politically and economically.¹⁷⁸

The problem facing youth, argued Javits, was that many of them did not consider fighting for an economic organization to be very exciting. Thus, it was necessary to channel the energies of young people into support for economic integration. They had to be convinced that the future Latin American Common Market was “where the action is.” This commitment was a necessary requirement if future generations were ever to grapple successfully with the many political, economic and social problems of their countries.¹⁷⁹

Demise of LAFTA

¹⁷⁵ Appeals to young people to support Latin American integration were nothing new. Various efforts to promote the policy had been made to young people by political leftists who supported unionism throughout the twentieth century. They were greeted with some enthusiasm, but they met the same disappointing results as other unionists. The only effort made by the political center to promote Latin American unity among youth appears to be Jose Enrique Rodo's book *Ariel*, which did not specifically call for integration, but, which sought to foster and promote a common Latin American identity.

¹⁷⁶ “Common Market Crusade Needs Latin American Youth” Address of Jacob Javits to the 12th Plenary Meeting of the Inter-American Council for Commerce and Production (CICYP), September 22, 1967. JJC, S1, SS1, Box 39. p.2.

¹⁷⁷ *Ibid.*, 2.

¹⁷⁸ *Ibid.*

¹⁷⁹ *Ibid.*, 2.

Efforts by Latin Americans to lower tariffs barriers proved exasperating. By 1970 it was clear that LAFTA had exhausted itself. Little, if any progress could be expected from the organization. The plea by Javits to *jeunesse dorée* in the region fell on deaf ears. Young people did not flock to the clarion call of Javits, or Latin American unionists. This problem was due to the fact that political figures had given free reign to various industry leaders within their countries to avoid any further tariff reductions. The opponents of integration had convinced themselves and other Latin Americans that the mass public would not benefit from closer economic ties. Many had feared that “the principal gainers from integration would be the large, non-Latin American companies.” The Andean Community proceeded along its own path, proving itself a dismal failure with each state following the same special-interest sectoral strategies of managed economic policies utilized by the LAFTA states. By 1971 Javits was apprised of the deteriorating economic situation in the Andean states. He was informed that a new tax code which had been proposed by the Andean bloc would actually inhibit further domestic and foreign capital investment as well as technology transfers from the U.S. to that specific region.¹⁸⁰ The Andean Community eventually became committed to large scale statist planning, leading one observer to note that the technocrats of the Andean organization were “prolific planners.”¹⁸¹

Aside from a lack of enthusiasm for the goal of a viable economic union, Latin America entered a very volatile period. The 1970s would prove to be a difficult and tumultuous decade for the Latin American people. Liberalism came under attack from both the right-and left-wing political spectrums. The first blow came with the election of Salvador Allende in Chile. Within three years his government had plunged the country into economic turmoil. In October, 1973 a military junta took the reins of power from Allende. This coup was followed by other right wing military takeovers throughout the region. The immediate concern of these authoritarian regimes became the defeat of left-wing insurgencies that had plunged their countries into civil war.

By 1970 Javits had no choice but to come to the conclusion that further efforts to promote regional integration on his part would be futile without a massive infusion of support from Latin Americans in a position of political power. Due to the internal turmoil that the region underwent in the 1970s, this would not be possible. Javits nevertheless kept a close eye on Latin America, especially the Andean Community, for potential changes in the political-economic climate that might indicate the possibility of renewing his efforts. In the meantime, Latin American unionists would have to bide their time without Javits until democratic governments under the leadership of the neo-liberals placed their signature on the Treaty of Asuncion in 1991 which created the South American Common Market (MERCOSUR).

Indeed, the development of MERCOSUR which is now accepting applications from Mexico and the Andean states for membership indicates that Javits’ strivings on

¹⁸⁰ Council of the Americas, “The Common Regime Treatment of Foreign Capital in Andean Bloc” (Washington, D.C.: February, 1971), 1-3.

¹⁸¹ Willard L. Beaulac, *The Fractured Continent: Latin America in Close-Up*, (Stanford: Hoover Institution Press, 1980), 115.

behalf of Latin American economic integration were not in vain. Javits has thus earned a place of honor among internationalists around the world for his work to create a more prosperous and democratic world.

The Latin American response to integration may appear to have been irrational with their bickering over safeguarding economic interests, but it was not. The responses of the Latin American countries were perfectly normal, but short-sighted. In order to understand why efforts to promote further trading concessions within LAFTA failed during the 1960s, it is necessary to reference objections to free trade by U.S. interest groups. The situation is analogous to current efforts by the agricultural sector in the United States to demand exorbitant subsidies while Washington seeks to secure free trade and free market reforms from other countries and trading blocs. To this day, U.S. agricultural producers refuse to allow the products they produce to be imported from Latin America for fear of economic ruin. The problem facing common markets was, and continues to be, the protection of special interests groups, irrespective of nationality.

Retirement and Conclusion

Javits served in the U.S. Senate from 1957-1981. In 1980 he ran for a fifth term but was defeated by Alfonse D'Amato in the Republican primary. Before he began his campaign, Javits was informed in 1979 that he had contracted the devastating illness known as amyotrophic lateral sclerosis, or Lou Gehrig's disease-- a terminal condition. Javits continued his pro-active policies on behalf of various foreign policy issues after he retired. The senator did not allow the disease to impede his activities, claiming, "I can go anywhere where there's a plug in the wall. Life doesn't deny me much."¹⁸² He had no regrets about his life. He had persevered on behalf of hundreds of millions of less fortunate individuals in the United States and around the world in an effort to improve the quality of life for them in the most effective manner available to him. Throughout his life he served as a role model for young people, his fellow legislators and the American people. After his retirement, a grateful nation instituted several awards in his name, and several edifices were renamed in his honor.

The possibility of reorganizing a society so as to maximize its potential was intriguing to Javits and he enthusiastically persevered in the endeavor. The promotion of Latin American economic integration was central to his political career; it was not an ancillary whim, but the result of a life's work. Indeed, the importance that he gave to this cause was so substantial that one of the three articles he wrote for the prestigious journal *Foreign Affairs* dealt with that theme.¹⁸³

Javits considered his crusade for the success of Latin American economic integration to be one of the most important causes he had engaged in. In no way did

¹⁸² Quoted from *New York Times*, June 26, 1982 in <http://www.stonybrook.edu/libsepecial/collections/manuscripts/javits/biography.html>, accessed May, 9, 2005.

¹⁸³ *Foreign Affairs* is published by the Council on Foreign Relations, of which Javits was a member between 1960 and 1986.

Javits consider, or wish to have others consider his efforts as an ancillary cause. “In the coming century, the fruit of these developments will mature. We have every right to expect that greater units of governance will come forward to deal with the responsibilities that regional and global problems have created and that we will see the sunset of nationalism. Regional structures ...already anticipate this trend. Part of the reason for this change, argued Javits, was the work of the United Nations, which he insisted had “forecast a change in the very organization of governments.”

Javits was a political and intellectual warrior. The struggle for which he fought was a much more complex form of engagement that did not involve bullets or bombs. Javits and the Latin American unionists fought a war for the hearts and minds of a people. It was a political and spiritual battle designed to eliminate a system that had generated a number of serious problems in Latin America, all of which threatened the freedom and dignity of the people of that region. He received no promotions, medals or recognition for his work on behalf of economic integration. This is no surprise, since most journalists and historians have ignored the unionist movement in Latin America. Nonetheless, shortly before his death, Javits implored his supporters and future generations to consider the importance and “lessons of both experience and moderation,” primarily economic integration, as a tool for resolving international and domestic “problems already crystallized or indicated in my time”-- a clear reference to the problems facing third world states.¹⁸⁴

The efforts and interests of Javits were that of an internationalist rather than of a unionist. He was not, and could not be a unionist, because he was not a Latin American. Yet his work complimented the aspirations and nationalist struggle of the unionists. Although the interests of internationalists and unionists were not identical, they did intersect. There were in fact no irreconcilable contradictions between him and the unionists, despite the fact that they both had differing long term-objectives. It was this united front between Javits and the Latin American unionists that stands out as one of the few bright chapters in U.S.-Latin American relations-- if not the only one.

Javits’ efforts on behalf of Latin American economic integration far surpassed the efforts of any White House administration. His endeavors will undoubtedly be remembered as progressive and far-reaching. Future historians will note that Javits’ efforts and achievements served as a precursor to the continuing liberalization, economic interdependence and globalization of the modern world.

¹⁸⁴ Jacob K. Javits, *Preface*, Jacob K. Javits Collection, January 2, 1986.
<http://www.sunysb.edu/libraryjavitsp.htm> (accessed July 21, 2002)